THE BUSINESS WEEK

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A Journal of Business News and Interpretation

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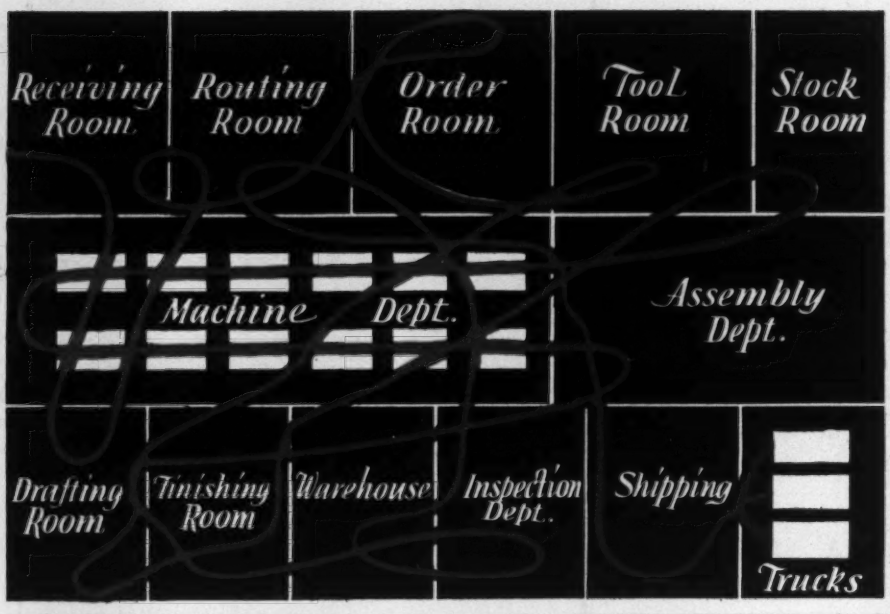

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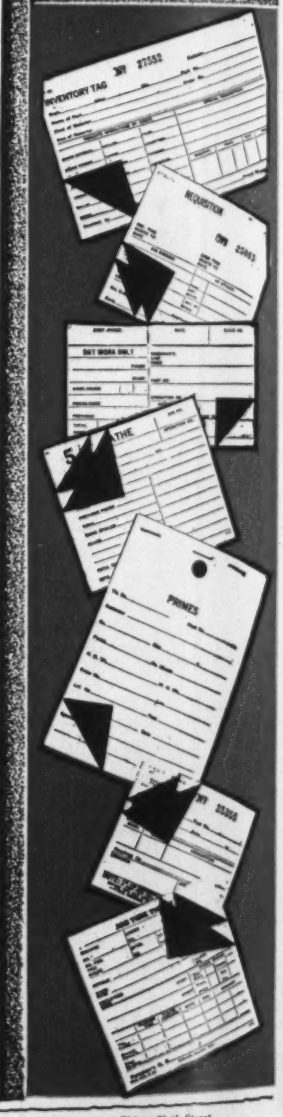

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THE
BUSINESS WEEK

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

NEWS OF THE WEEK ENDING MARCH 1, 1930

WHAT'S IN THIS ISSUE—AND WHY

BUSINESS revival is lagging, due, THE BUSINESS WEEK believes, to the fact that the business man has to pay about as much for money now as before the cut in rediscount rates. Our national survey gives details for each Federal Reserve District.

WHEN to act often is more important than what to do. The Federal Reserve Board usually has done the right thing but usually not soon enough. In an editorial, THE BUSINESS WEEK suggests the Board would do well to make money cheaper and more plentiful, and do it now.

THE government can buy wheat, but can't eat it. The big purchases by the Farm Board are "visible supply" whoever holds them, so the market still has spectacular sinking spells, and the general slump in commodity prices remains outstanding news.

ONCE the proposed wedding of Great Northern and Northern Pacific was a scandal. Now the government suggests it. Times change!

B & O falls first in line with the I. C. C. merger plans. Which is fairly typical of the quick, alert, Daniel Willard—an interesting personality, with his eternal "Why?"

AVIATION fears a price war, talks of selling through automobile channels, developed many interesting ideas at the St. Louis meeting.

STRANGE weddings these days—coffee and Postum, motor cars and refrigerators. Now pianos and motor-boats. All for sound reasons.

SLOW freezing has advantages, but, the packers discover, difficulties as well. The whole packing industry hums with research, preface, possibly, to a new era.

EATON needs Gulf States Steel, but Armco seems more likely to get it—all part of the changing picture in the industry which has fascinated onlookers in recent months.

CHAIN stores are more or less accepted, an old story, in the East, the Far West, the Middle West. But in the South they aren't accepted yet and on that battleground they face a real fight, bitterer every day.

Two major sources of building statistics seem at variance as to the trend, but a break-down throws light on the industry which many regard as the key to the present business situation.

GASOLINE will be cheaper, is cheaper already. Which cheers the motorist, but puzzles him. As well it may, for the troubles in oil are a complicated, if interesting, story.

INSTALMENT sellers are clamoring to have their paper made eligible for rediscount at the Federal Reserve. There are arguments for and against. What will the outcome be?

The Business Outlook

THERE was a faint touch of spring in some of the business weather records, too, last week, but February blossoms are precarious, and often try to prove too much. General trade indicators and building figures were slightly warmer, but basic industrial activity has cooled off somewhat and shows signs of having temporarily outrun current demand. Increased caution in automobile production has checked the steady expansion in steel operations, and declining coal production may reflect slackness in industrial activity.

The sleet storm of commodity price declines during the week may be the last for this winter and, having brought the lowest levels since 1922, may have begun to stimulate the flow of sap in the trees of trade. Anyway, merchandise carloadings and check-money turnover are slowly paring deficits below last year.

These signs are encouraging, but hope too long deferred, as well as events in Washington and Europe, is giving business a belly-ache. Of course, in the long run, recovery is assured; but business—and labor—haven't enough wind now for any long runs. The speed of recovery depends now chiefly upon the Federal Reserve chauffeur, who is driving somewhat too cautiously on a cold and lonely road and could safely step on the gas a bit without danger of skidding into a bull market till business traffic becomes much heavier than now.

Business Hasn't Found Any "Easy Money"

BUSINESS is borrowing money for current requirements at rates only slightly lower than it had to pay before the stock market crash. The numerous recent reductions in Federal Reserve rediscount rates have done little to help this class of borrower.

Such easing of rates as has taken place so far has been felt almost wholly in the call and acceptance market. The chief beneficiary so far has been the stock exchange. As yet, this has failed to spring anything like a speculative boom. But, because Federal Reserve officials continue to walk in fear of one, they hesitate to ease money through open market operations. Since business continues to pay high rates and speculation has not taken advantage of low ones, their fear seems totally unfounded. But it is preventing business from getting the relief it wants and needs.

The news from the mortgage market is that mortgage money, too, is no cheaper than it was before the crash. On the whole, the supply is slightly larger and there has been some easing in the situation for that reason.

Another factor that has helped to make conditions easier at some points is the return to savings banks of deposits withdrawn during the boom months and building and loan associations report that they, too, are getting some of their funds back. In some sections of the country, banks are considering paying lower rates to depositors.

These facts have been ascertained by THE BUSINESS WEEK through a nation-wide survey just completed. Present prospects are for a slight easing within the next few weeks when Reserve rate reductions should be felt. But the smallness of the amounts which banks are borrowing from the Reserve will cut the effect of these reductions to a minimum.

The key to further easing of rates lies almost wholly in the hands of the Federal Reserve. Redistribution of funds from the stock market crash has been completed. Rediscount rates have been reduced. Only through further action by the system will further easing take place. And, due to the small borrowings from the Reserve banks, open market operations will be much more effective than further rate actions.

Commercial rates, or charges to business borrowers for 3- and 4-month loans are about ½% lower than at the first of the year. Rates range about 5½% to 6%. Mortgage money remains about 6%.

Bankers' acceptance rates in the open market have eased appreciably since the crash and now are at 3¾% and 3⅞%. Call money has eased markedly to about 4%. These two classes of loans show greatest easing in recent months.

Collateral loans vary by districts. They may be said to be slightly lower. Banks in New York and in some other centers are considering lowering the rates paid to depositors. Some banks are paying less or not paying premiums for large accounts, but the trend is not general.

Following is a review of conditions reported from Federal Reserve cities for these districts:

Boston:—Rates charged customers are off averaging ½%. Present changes run from 5% to 5½%. Collateral loans are 5% against an earlier 6%. Money conditions are better in Boston than in the remainder of New England. Rate reduction to 4% has slightly accelerated the easing trend. Some banks are paying less to depositors but this condition is not general. Mortgage money tends higher to unchanged at about 6%.

New York:—Time money is now obtainable at 4½% to 5%, against 4¾% to 5% on January 1. Call money is averaging much less—between 4% and 4½%. Bankers acceptances stand at 3¾ @ 3⅞ against 3⅞ @ 4% on January 1. Commercial paper is now at about 4½% against 5% and above. Clearing house banks are considering lowering rates paid to depositors but no action has been taken. Mortgage money is more plentiful but rates are no lower.

Philadelphia:—The mortgage money market is quiet with little demand. Many

Underwood & Underwood

investors feel this region is overbuilt and do not want more mortgage or construction securities. Commercial rates are from 5½% to 6% with best customers getting a little less. The present heavy falling off in commercial loans is seasonal, but indicates that business is slow.

Richmond:—The rate cut is having little or no effect. Three- and 4-month commercial loans, generally run at 6%, but with some as low as 5½%. There has been little change in these rates. There are no changes in rates paid bank depositors. A brisk demand is reported for mortgage bonds with no change in rates. No surplus of money is reported in the district.

Southeast:—Three-month commercial loans in Atlanta have remained unchanged for the past three months at 6% and 6½%. Birmingham also stays unchanged for the same period at 6% to 8%. Nashville reports unchanged at 6%. New Orleans and Jacksonville show slight easing. Mortgage money is being loaned at 5% to 5½%.

Chicago:—No surplus funds on hand. Banks are charging customers about ½% less for commercial money than before stock market crash, with best customers getting a little more reduction. Six per cent is the going rate with best customers getting 5½% and a few 5¼%. The lowering of rates is not due to the reduction of the rediscount rate to 4% but to other easing trends. Mortgage money is unchanged or even a little tighter. Mortgage securities are unpopular, due to "wild cat" financing of apartments. There have been no important changes in rates paid depositors. Prime commercial paper rates are 4½%, having been reduced ½% February 1.

St. Paul:—Three- and 4-month commercial loans stand at 5¼% to 5½% as compared with 6% and above last summer. Collateral loans are 1% less, at 5½% to 6%. Banks have discontinued paying ½% premium for large deposits, and the rate is at 2% uniformly. Mortgage loans are tighter at 5½% to 6% against 5½% straight before the crash. Insurance companies are reported to have let up in lending due to a heavy demand for loans on policies. Farm mortgage loans are unpopular and there is little demand for residential mortgage loans.

St. Louis:—Ample funds are reported for construction, but little building is under way. Commercial loans are slightly cheaper.

Kansas City:—Commercial loans run ¼% to ½% cheaper. Mortgage money is unchanged. Rates paid depositors by banks remain unchanged.

Cleveland:—Commercial loans are being made at slightly lower rates. There has been no change in rates paid depositors and no easing in collateral loan rates in recent weeks. Mortgage and long-term money is easier. Cancellations of mortgages in January exceeded new mortgages for the first time in more than a year.

San Francisco:—Business rates have decreased slightly since the stock break, but are still high. Commercial rates average 5.7% against 5.9%. Security loans stand at 6.2% against 6.5%. There are no surplus funds as banks have used them to pay off rediscounts to the Federal Reserve. Mortgage money and long term loans are a trifle easier.

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All Are Called on Tariff; But Who Is "Chosen"?

BUBBLE! bubble! toil and trouble! The seething brew in the cauldron of tariff revision seems no less potent than that of Shakespeare's three witches.

Last Monday, Representative John Q. Tilson, Republican floor leader, told President Hoover and the press that Senate delay on tariff revision endangered annual supply bills and made House activities futile. Tuesday morning, the President, just returned from the South, gathered Old Guard Senate and House leaders at breakfast; told them more speed on the tariff bill was necessary to insure business stability. Senator Watson, returning to the Senate floor, spent two hours, under fire by Democrats and insurgent Republicans, explaining why more expeditious action on the tariff was necessary.

The Old Guard seemed to have the President's approval, suggested that they were the "chosen people." The coalition group considered themselves rebuked.

But Friday, Senator Grundy, protec-

tionist warhorse, had his "attention called" to an article which indicated that the President was satisfied—or, at least, in sympathy—with the efforts of the coalition. The article appeared in the Kansas City *Star,* generally considered friendly to the president, and was written by Edwin G. Pinkham shortly after he had been in Washington and had lunched at the White House. Senator Grundy saw in this plain evidence that the President was behind the coalition group and that an immediate call to arms for Senators from industrial states was necessary.

The special session call suggested tariff increases on agricultural products and a limited number of industrial products. Confusion has resulted from various interpretations of the last clause. House leaders and Senate tariff committee could find few industries which did not require legislative help.

Without definite word from the President—and after resisting thus far he is unlikely to make a last-minute gesture—it remains a case of every group for itself, as it has been since tariff revision began. Even without a public pronouncement from the President, it is still likely that private advices will considerably lower the House opposition to Senate rate proposals and that the conference committee, once it gets to work, will not have half the difficulty one might expect from the vast difference between the House and Senate bills.

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Why the Trade Commission Keeps Its Fingers Crossed

THERE is a continuous parade through the offices of the Federal Trade Commission of groups representing one industry after another seeking the commission's O.K. on codes of trade practices.

The codes have been published again and again. They are all pretty much alike. Much more interesting and more significant, in many cases, are the rules that the various industries try to get approved. They reveal with startling frankness what the trade association really would like to do.

Here are some of the rules that never get by the commission:

Rules approving the distribution by each producer of current price lists and the exchange of credit information regarding delinquent and slow accounts.

Granting the regular distributor's discount to any concern or individual other than an established distributor is an unfair trade practice.

Allowances for used or second-hand products facilitate and induce price discrimination and are an unfair method of competition and against the public interest.

The shipment and sale of substantial quantities of surplus stocks in outside territories at prices below those quoted in the producer's customary market is condemned as an unfair trade practice.

Other rules rejected by the commission condemn the practice of extending long credit terms without adequate interest charge and carrying past due accounts without charging interest.

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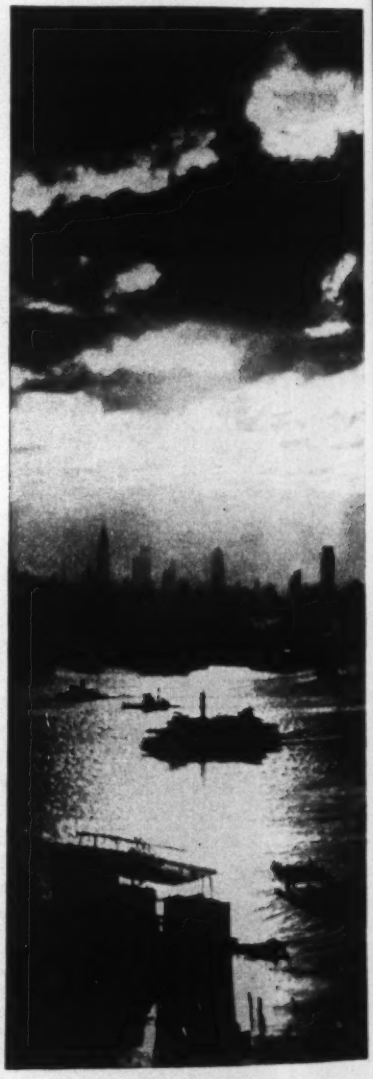
Cooperation Breeds Vexation

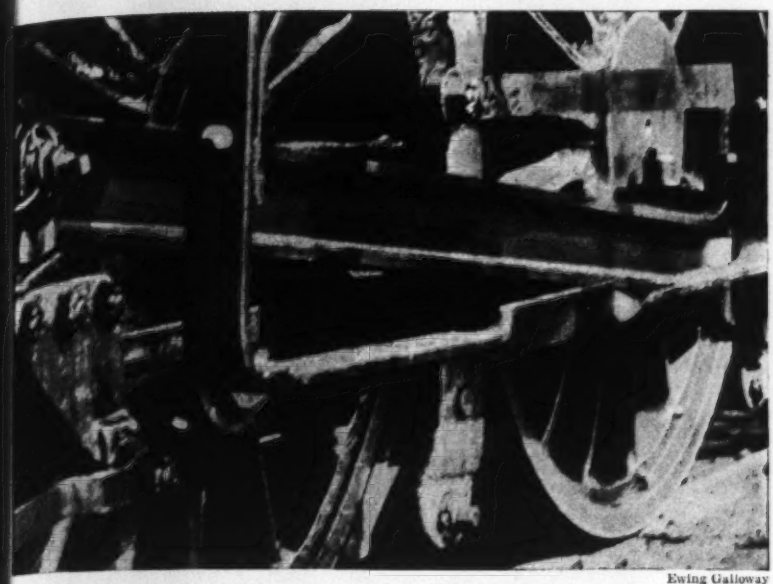
THE cooperative marketing of wool under the Farm Board's plans would seem to be a simple problem compared with wheat and cotton, because the number of wool growers is relatively small and the cooperative selling and buying agencies relatively few. Yet, even here, according to recent reports from Texas, the Farm Board's plans have run into difficulties.

The Association of Texas Wool and Mohair Warehouses which controls the financing and sales of these products in Texas, one of the largest producing regions, is uncertain whether it wants to come into the National Wool Marketing Corporation set up by the Farm Board. At a meeting in San Angelo February 17 there was considerable critical analysis of the advantages which the Farm Board's wool corporation offered to this group and the sentiment among the growers, at least, was lukewarm toward the Corporation. In view of the fact that the Corporation has engaged a single wool merchant firm as its sales agent, as described in THE BUSINESS WEEK for February 26, it is interesting that the chief objections urged by the Texas growers against joining the Farm Board's scheme are that it takes from them the right to say what they shall sell their wool for; that they have no guarantee that Draper & Company, the sales agency, will get the best price it can, because the agency is paid a flat commission regardless of the price; and that Draper & Company has indicated that the prices to be received through the cooperative will be between 20 cents and 25 cents for this year's crop.

This incident raises a question which has so far been in the background of the Farm Board's activities in forming national cooperative marketing associations. In a field of agricultural production like wool, where the national cooperative might gain control of a large part of the market, it is possible that independent producers or an association of them could gain all of the benefits of higher or more stabilized prices without coming in under the Farm Board's wing. This would be more difficult in wheat or cotton where there is an export surplus and no effective tariff, and where the advantages of low rate loans from the Farm Board to enable them to hold the crop from market for higher prices would tend to bring producers into cooperative organizations. Where there is a high tariff, as on wool, and the producers are relatively few, the advantages of joining the cooperative are not so great and the difficulties in building a strong national organization are larger. It was to meet this problem and provide a pressure upon producers to join cooperatives that the equalization fee principle in the McNary-Haugen Bill was so strongly insisted upon by the farm relief advocates.

Despite its success in establishing a number of strong regional cooperatives





Ewing Galloway

as part of its wheat-marketing program, the Farm Board has apparently been unable to get complete support in the Northwest. Correspondents of THE BUSINESS WEEK report that the Minnesota Farmers Elevator Association, which had been considered a part of the Northwest Grain Association, regional marketing agency sponsored by the Farm Board, recently refused to remain as a member of the cooperative. Instead, it endorsed the program of the Cooperative Farmers Northwest Grain Corporation, an organization which started last fall to round up the farmers' elevators in the spring wheat territory into a separate association. The latter, in which the grain commission trade is supposed to be influential, has been seeking recognition by the Farm Board as a regional cooperative, but the Board has said it would recognize no other cooperative marketing agencies than those already in the field, namely, the Northwest Grain Association, The Farmers Union Terminal Association of St. Paul and the North Dakota-Montana Wheat Growers Association.

The result is that today the program of cooperative marketing in the spring wheat territory is about where it was when the Farm Board started its organization work. The farmers' elevators of Minnesota, North Dakota, South Dakota and Montana, nearly all of which had been thought to be rounded up into the Farm Board's program, are apparently still flirting with the idea of setting up a separate agency and feel that they are entitled to individual recognition because they handle, according to the claims of Harry A. Feltus who has been trying to construct a separate organization of them, nearly 90% of the crop.

Tariff Conference Has An Eye on Us

THE Tariff Truce Conference assembled by the League of Nations on February 17 has gone seriously to work through an organization of committees and sub-committees to analyze the possibilities of a European agreement to call a halt on tariff wars and trade restrictions. Twenty-nine countries, all European, are represented and 6 others, including the United States, have observers present. There is little expectation that the Conference will result in any tangible agreement, but great importance is attached to it in Europe.

The Conference is generally regarded as marking a large step forward in the increasing discussion that has been going on in Europe during the past year of the problem of securing closer economic cooperation among the European states. Beginning with the emphasis put upon the idea of a United States of Europe or a European customs union by Mr. Briand and others at the meeting of the League of Nations assembly last fall, and running through the conferences on the removal of export and import prohibitions and on equal treatment of foreigners since then, the idea of concerted European action in tariff matters has undoubtedly gained strength.

Curiously enough, it has derived its chief motive power since last summer from a fear of the results of American tariff revision which began then, and apparently the marked change in the tariff situation in this country has not dampened the enthusiasm among those who have held up the threat of a higher American tariff wall as an imperative reason for greater European unity. In fact, the result has been to stimulate not only interest in European customs union but a more hostile attitude toward American foreign trade, as was instanced in the effort to increase French and German tariffs on American automobiles during the past two months.

Great emphasis is being put at Geneva now upon the fact that the Tariff Truce Conference is being attended by some of the highest governmental officials of some of the countries and that, for the first time, the League of Nations is bringing together responsible statesmen of important European nations for the discussion of economic questions in the same way that they have been meeting to deal with political problems.

It is also striking that in the discussions at the present Conference especial emphasis is being laid upon tariffs on agricultural products. This aspect of the Conference may be of especial interest to the United States because the increasing effort of European countries to become more self-sufficient in agriculture has led in recent years to the adoption of high tariff restrictions and other forms of agricultural subsidies which have more and more interfered with the European market for American farm products. In fact, the difficult situation in which the Farm Board and the wheat pool now find themselves is due in large part to this trend in European policies.

In the meantime, the movement to build a more solid European front for defense against the United States has been given a new twist by the launching of a new political party, to be known as the United Empire party, by Lord Beaverbrook, with the support of the Rothermere newspapers, which have a circulation of several millions in Great Britain. These two Britons want to build a high tariff wall around the British Empire with free trade inside. They say that neither of the existing British parties is sufficiently appreciative of the possible benefits of high protection for the Empire, and claim that 200,000 voters have enrolled themselves as members of this new party which will put Parliamentary candidates in the field whenever another election is held. General opinion in England is doubtful that this move will have any chance of success, chiefly because of the serious dependence of Britain upon free imports of food and raw materials and the unwillingness of the Dominions to forego tariff protection against British manufactured goods.

Both of these movements abroad are still rather indications of a state of mind in European countries toward American trade expansion than they are activities of practical importance.

Railroads ► First Merger Move to End Long War in Northwest

THE first rail merger of importance since passage of the Transportation Act, 1920, is in process of consummation this week with the authority given by the Interstate Commerce Commission to the Great Northern and Northern Pacific to consolidate into a 16,000-mile system, the largest in the United States.

This is the third time that the proposal to unify the Northern lines has been actively before the public. Back in the 90's the plan was advanced but failed of fruition. In 1901, the United States Supreme Court ruled that the two roads were competitive and ordered dissolution of the Northern Securities Company, which had planned a consolidation. The present proposal is the same plan, dressed in more elaborate garb, with promise of a $10,000,000 saving in operating costs and backed by popular favor in the Northwest.

Rail facilities in the Northwest admittedly are in excess of present needs. The Northern Pacific, completed in the 80's to open new territory, was supplemented later by the more northerly route of the Great Northern, completed in the 90's. Into the picture came the old Chicago, Milwaukee & Puget Sound (now Chicago, Milwaukee, St. Paul & Pacific) in 1914, paralleling the Northern Pacific. No line of the three is being operated at anywhere near its potential capacity at present.

The merger would confer benefits on the Northwest by making possible joint use of freight cars, pooling of terminal facilities, elimination of needless switching, simplification of rate-structure and routings. From the rail standpoint, combined solicitation of fares, increased purchasing power, reduction in supervisory and executive staffs and savings in car-repair shops are cited as potential economies. The $10,000,000 savings forecast appear to be of more immediate interest to stockholders than shippers, to whom promises of rate reductions have been decidedly nebulous so far.

The need of the Northwest is settlers. This must be an objective of the new Great Northern Pacific Railway, as the combined roads will be called. Seven states from Minnesota to Oregon-Washington, inclusive, have only 7,500,000 population, equivalent to New England's, although containing 400,000,000 acres, one-fifth of the United States. From the farm lands of Minnesota and the Dakotas, across the mineral and cattle lands of Montana, the lumber, sheep and agricultural sections of Idaho, to the orchards, lumber and manufacturing centers of Oregon and Washington, the routes of the Northern Pacific and Great Northern traverse a land literally untouched, for its possibilities are limitless. With completion of the Columbia River project, a new traffic source will be opened enabling the railroads to maintain the miles of "unproductive" line which must be carried by the overhead traffic originating in the more fully developed sections.

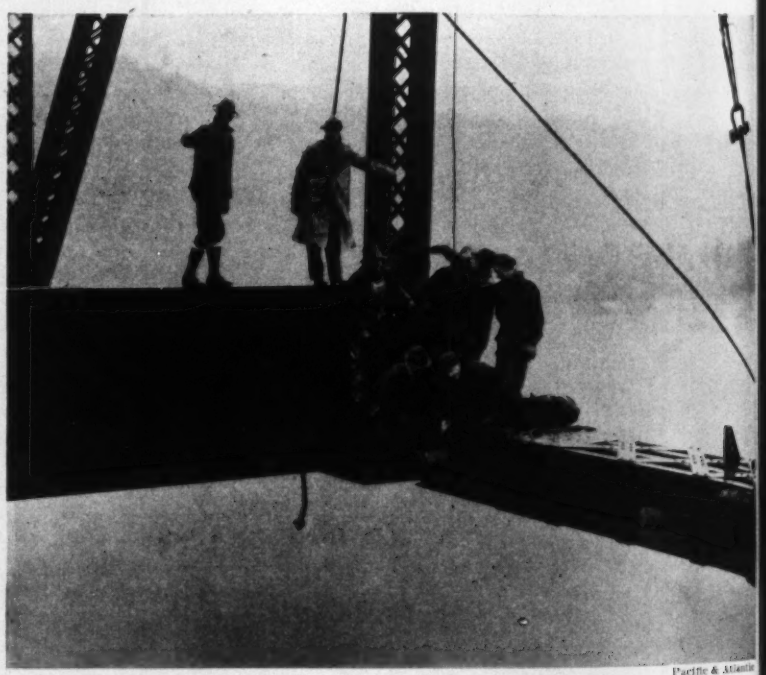
That the merger will reduce competition in the Northwest is certain. The Milwaukee road has neither the Pacific Coast terminals nor the immediate territory to draw from that its rival will have, although, under the merger terms, it will be given an outlet to Portland, in addition to Seattle, by using the Northern lines' Spokane-Portland subsidiary.

The Commission ruling that the Northern lines must get along without their present subsidiary, the Chicago, Burlington & Quincy, in which they jointly own 97% of the stock, precipitated a protest from both Ralph Budd, president of the Great Northern and Charles Donnelly, of the Northern Pacific and an appeal for modification which will permit them to retain possession of, or operating rights over, that part of the Burlington which extends from Chicago to the Twin Cities. In this detail of the ruling, the I.C.C. stood by its general plan which proposes building an independent system around the Burlington line.

Railroads ► B. & O. Lines Up With the I. C. C.

FIRST railroad to respond to the Interstate Commerce Commission's request to four eastern roads that all unification applications be withdrawn as being at variance with the commission's consolidation plan was the Baltimore & Ohio. The railroad's action this week paves the way for filing a new application to merge the major system allocated to it by the commission's plan.

Neither the Chesapeake & Ohio nor the Lehigh Valley has indicated what steps they propose to take in the matter. It is generally expected that the former will follow the lead of the B. & O. William H. Williams, chairman of the Wabash, has advised the commission that his road is conducting negotiations aimed at consolidation of the fifth system proposed by the commission and will later move to amend its pending unification application.



Pacific & Atlantic

TO THE LAST GAP

That's how far shipping interests fought the construction of this bridge at Longview, Washington, the first over the Columbia River. The gap was closed on February 13 with an eight ton girder

Wide World

OVER THE PUGILISTS' PARADISE

The air liner "Cuba," of the New York, Rio and Buenos Aires line, flying over Miami, Florida, en route South

Aviation ► Look to Salesman to Lead Way Out of Price War

AIRPLANE manufacturers and distributors are running into bumpy air. A few have steered straight into air pockets, have dropped to the price-war level. Others—old reliables like Curtiss-Wright, Ford, and United Aircraft—refuse to meet present sales depression with prices cut to the loss level. Stinson, Command-Aire, and Great Lakes are aiming at mass production through sliced prices. All industry is watching aviation's newest attempt to popularize itself, to establish its financial future.

Visitors at the international aircraft show at St. Louis came away with a distinct feeling of regret that the price war had come to the aviation industry. Despite the fact that nothing radically new was introduced, the display at this year's show was without doubt the best, the most inclusive, yet made. In 9 days, more than 150,000 saw the exhibits, purchased planes valued at approximately $2,000,000. Stinson alone reports the sale of 80 planes at the new reduced price. But the feature remained "price" and "distribution."

Tied in with price cuts were the distribution problems which manufacturers discussed freely in sessions of the Aeronautical Chamber of Commerce. Production in terms of many hundreds of thousands of units is necessary before aircraft makers can tool up their plants for mass production as it is known in the motor car industry. It was conceded that probably the most successful method of distribution would be through automobile dealers. On the basis of the preliminary experience of several companies, the manufacturers discussed plans for enlisting motor car dealers as agents for aircraft, supplying them with demonstration planes and facilities for servicing planes of customers.

The industry is looking ahead to two events which are likely to show what trend has been started at the St. Louis show. The first is the All-American Aircraft Show to be held at Detroit April 5 to 12. Here manufacturers will have an opportunity to thrash out first problems in the new distribution line-up, see the effects of the radical price cuts. Transport lines will have behind them three months of low rate air transport, will be in a way to know if the public has become sufficiently air-conscious to accept slightly higher rates, necessary for profit.

The second event is the Dealer-Distributor meeting in New York in May. It is only a sectional meeting but men in the industry anticipate important decisions, that manufacturers will display lavishly, that distribution will be on the way to some favorable solution.

Promotion ► St. Louis Sends Mission to Mexico

WITH most of the rest of Central and South America, Mexico has a common heritage of Spanish culture, gold and silver exploitation, Catholicism, the Latin temperament. It is but logical that American business, reaching out for a greater share of Latin-American trade, should look to Mexico as a testing ground.

St. Louis is making a strong bid for trade expansion in Southwestern markets—is crossing national boundaries. Approximately 150 representatives of St. Louis firms will make a 16-day trade extension tour through Mexico with stops in Texas and a return through New Orleans under the leadership of the Advertising Club of St. Louis.

Insurance ► Credit Demand Dropped in 1929

AMERICAN business outside New York was using less bank credit at the end of 1929 than at its beginning, despite the year's unprecedented activity. New York called for a credit increase of $823 millions for the year. But in Chicago the decrease amounted to $154 millions; in other Federal Reserve cities to $127 millions. In the country districts the decrease was almost $300 millions.

The growth of the Federal Reserve system in 1929 was so slight as to be almost unobservable. The total outstanding credit of the member banks increased only 6/10%. During the six years prior to 1929 there was an annual increase of about 6%. Actual membership declined by about 300 banks, a decrease of 3½%. In recent years the membership loss has been about 2% annually. Total membership now is about 8,500, as compared to 8,800 a year ago. The greater decrease in 1929 was probably due to the larger number of bank mergers and failures. The system still includes about one-third of all the banks, with two-thirds of all banking resources.

Total loans and investments of member banks on December 31, 1929, were $35,933 millions, an increase of $250 millions for the year. Loans increased $995 millions but investments dropped $745 millions. Deposits for the member banks were less by $147 millions than at the beginning of the year.

Financing by securities issues was a big reason for less expansion of bank credit last year. Use of high earnings by business was another. A third was opposition of the Reserve, for a good part of the year, to credit extension.

Production ► **Business Makes Strange Families**

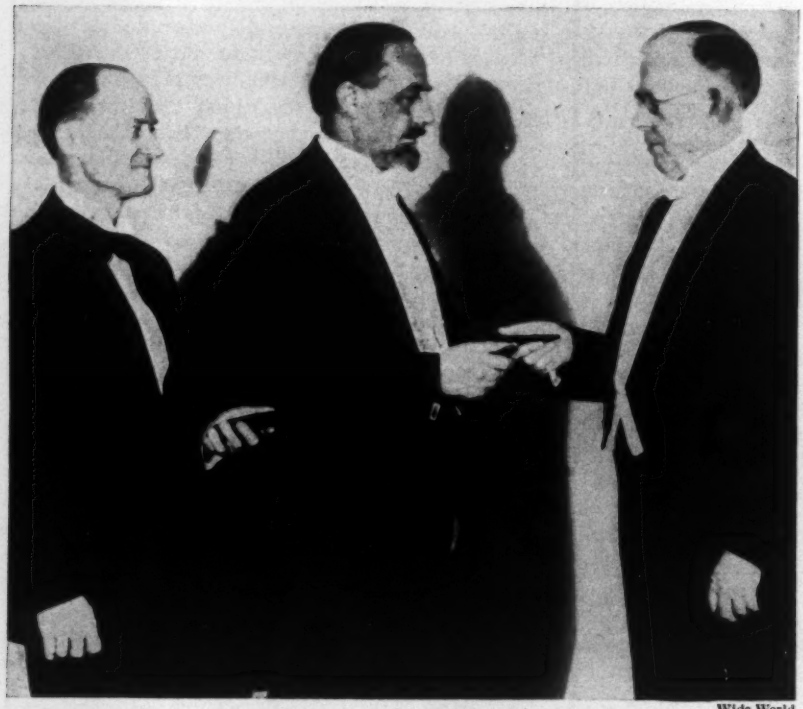
MANY—and sometimes strange—additions to various manufacturing families are being made nowadays. Fleischmann's yeast has taken on Chase & Sanborn's Coffee as a brother product, General Motors is going in for refrigerators and radio sets, and Singer Sewing Machine Company, after 67 years in a one-line business, is bringing out a vacuum cleaner. And now the Aeolian Company, manufacturer of pianos, and Pratt, Read & Company, makers of piano actions, are to add motorboats to their lines. The Chase-Emerson Corporation began building motorboats last year.

Pratt, Read & Company will make outboard runabouts, but Aeolian will produce more elaborate craft. Executives explain that adding the new lines doesn't mean that the piano business has been dull. On the contrary, Aeolian "shipped out more pianos each month last year than ever before." But there has always been a slack time in the factory at Neponset, Mass., after the winter rush. That is the time of year when motorboats are wanted, and Aeolian hopes to supply the want. Charles Votey has been made sales manager of the boat division. The new product will be distributed through an independent sales force, selling directly to regular boat dealers. The same reasons apply to Pratt, Read & Company and to Chase-Emerson.

Metals ► **Zinc Cartel Tries A Fresh Deal**

A EUROPEAN zinc cartel is again in process of formation, say reports of this week, and by much the same group that sponsored the effort which, without adequate representation of the industry or forceful leadership, came to grief last fall because some of the large interests involved considered production more profitable than cooperation.

The success of controlled metal and mineral markets has been in direct proportion to centralization of the industries involved. In the front rank are nickel, aluminum, quicksilver, bismuth. With production more scattered, attempts to stabilize tin, asbestos, and lead have been less successful. Copper is not in the hands of a cartel but is dominated by powerful American interests which seek the cooperation of the large foreign companies; their efforts have been reasonably successful during the last 10 months, but the organization is loose.



Wide World

CITATIONS

Frederick W. Bradley (right), president American Institute of Mining and Metallurgical Engineers, presents the James Douglas Medal for achievement in nonferrous metallurgy to John Van Nostrand Dorr (center), and the Robert Woolston Hunt Medal for achievement in iron and steel metallurgy to Prof. James Aston (left), who invented the mechanical process for puddling iron

Underwood & Underwood

FOREIGN ENTANGLEMENTS?

George L. Harrison, Governor of the Federal Reserve Bank of New York, who sailed this week to confer with European central bankers on unannounced subjects

Government ► **Motorist May Balk At Tax Diversion**

STATE legislatures have an easy and sure source of income in gasoline taxes—and do they know it! Last year, according to the American Petroleum Institute, total gasoline taxes collected were nearly $450,000,000—nearly 100 times as great as in 1921. The rate per car jumped to $17 from about $12.50 in 1928. Every state now taxes gas.

The tax is collected by oil companies and they are held responsible, in each state—either under bond or liability of fine or imprisonment—to collect and deliver. There has been little organized opposition to the tax; it comes to the consumer in small doses as he pays for a few gallons of gas; legislators are depending upon it to an ever-increasing extent. And during 1929, from gasoline taxes alone, the states received an income of $1,200,000 daily.

So far, a bulk of the proceeds has been devoted to roads. There is an increasing trend toward including gas taxes in the general funds of the state. While motorists, as a class, have no grave grounds for objecting to a special tax devoted to their own interests—improved highways—they are likely to balk if they are to be taxed, as a class, for general state expenditures. Taxes now imposed vary from 2 to 6 cents per gallon and represent from 18% to 33% of the retail price. This is a rather high direct tax rate under any circumstances; to impose it on a special class of citizens for the benefit of all offers excellent grounds for an argument.

Distribution ► Packers Find Freezing Brings Many Problems

PROBLEMS of distributing frozen foods were the center of interest at a regional conference of meat packers in Chicago last week. Quick-freezing, some think, will revolutionize the meat industry. Four packers and one wholesaler are now in the business commercially. Many are experimenting. A record attendance, 300, bespeaks the interest with which the industry is watching developments. A second regional meeting on quick-freezing is scheduled for March 6 in New York.

"If freezing is the best way to handle perishable foods, prejudice need be considered only as a temporary resistance to sales, and must soon pass away," said Dr. Harden F. Taylor, vice president for scientific research, Atlantic Coast Fisheries. "The history of refrigeration clearly shows that public prejudice against frozen fish dies when confronted with obvious merit." Dr. Taylor has been called the outstanding "industrial explorer" into the realm of frozen foods.

The original freezing won't carry through to the consumer's kitchen. Refrigeration must be continuous through a long chain: manufacturer's warehouse, railroad car, distributor's cold storage warehouse, refrigerator truck, retailer's storage and display cases. A single failure anywhere along the line may spoil or injure goods. This already has caused trouble, particularly inefficient refrigeration in the small shop.

It is considered uneconomic for each manufacturer to set up his own distribution equipment. Each retail store would have a line of separate manufacturer-owned refrigerator cases for fish, meat, fruits, vegetables and whatnot.

A single refrigerating unit and display cabinet, suitable for all perishable commodities, is more sensible. It should be owned by the retailer, whether he be an independent merchant or chain store operator. But how to finance the small dealer, in the purchase of expensive equipment? To have a separate fleet of trucks for each commodity, as ice cream now has, will only increase food costs to consumers. At present, efficient coordination in distributing frozen foods seems remote.

Packers ask: Will marketing of individual cuts of meat, quick-frozen, increase or decrease cost to consumers?

Answers vary. Temporarily, there may be an increase. Ultimately, there should be a considerable decrease through elimination of most retail meat stores and meat cutters, for which can be substituted single counters in food stores with lower-salaried attendants. In Swift and Company's main office building is a refrigerated display case from which one girl sells employees more pounds of meat than a two-man market commonly handles. All she does is pass out packages and collect money.

At present packers believe there is too great a spread in price between choice cuts and others. Quick-freezing might correct this condition somewhat. A rolled roast of lamb breast, a neat attractive piece of merchandise, is made from meat the average retailer might cut up with a cleaver and sell for boiling.

Frozen meat can be kept indefinitely. Seasonal variation in demand and supply, and variation in demand within the week, as that due to large use of fish on Fridays, become less serious.

It is quite possible that slow freezing of meat may ultimately prove better than quick-freezing, after all, Dr. Taylor conjectured, replying to a question at the close of his address. The objection commonly given to slow freezing is that it tends to the formation of larger ice crystals which tear down cell tissue and cause a dripping and sliminess when meat thaws out.

Dr. Taylor's researches have led him to the conclusion that this is not the real cause, but that dripping is due to chemical changes that take place irrespective of whether freezing be quick or slow. He has developed a method of treating fish, prior to freezing, which largely eliminates dripping. It will apply to meat also, he believes.

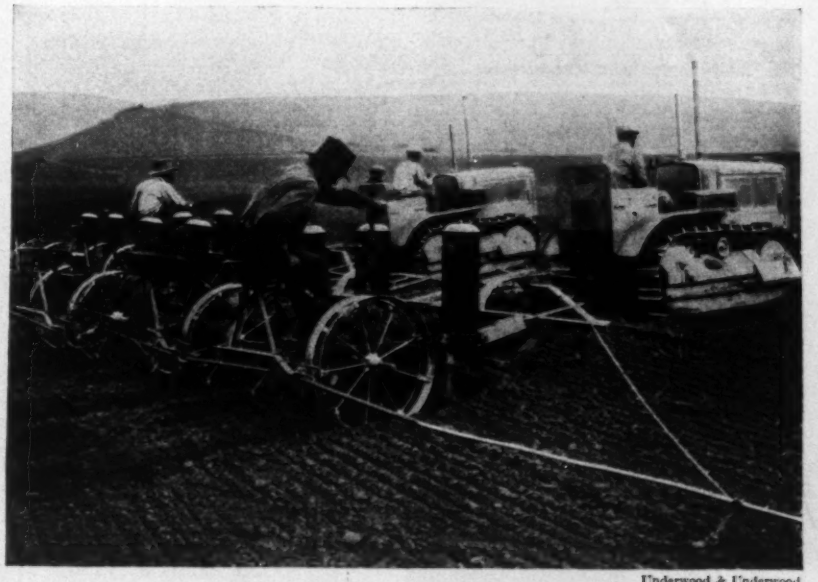
If dripping is eliminated, then slow freezing, because it does tear down cell structure, may prove a means of making tough meat tender.

Dr. Taylor declined to give details about his process. "The most interesting part of his talk was what he left out," a packer remarked.

Retailing ► Food Cooperatives Outnumber Chains

MORE retail members of voluntary cooperatives than chain stores are distributing food in the United States. There are some 54,797 of the former, belonging to 421 cooperatives, and only 49,567 chain stores. The total of independent grocers is about 296,232. Of the cooperatives, 216 have been organized and are managed by retailers, and 205 are directed primarily by wholesalers.

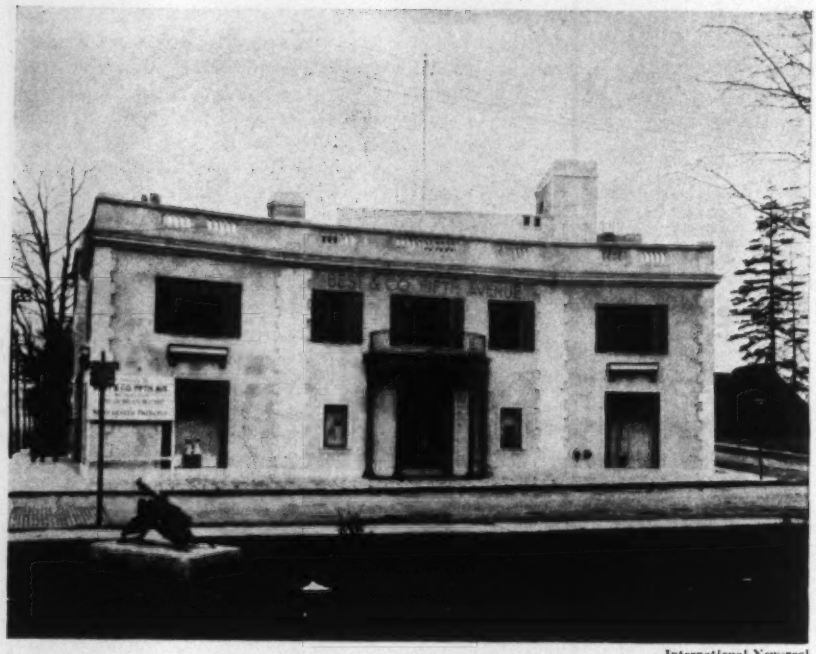
These interesting statistics are contained in a report on Voluntary Chains just issued by V. H. Pelz of the American Institute of Food Distribution. He points out that the cooperatives vary widely in form, and that many of them are experimental. Nevertheless, they comprise the most interesting field in distribution, and doubtless will give the chains increasingly strong competition.



Underwood & Underwood

A PICTURE FOR BOSTON

The Eickhoff Farming Corporation's 10,000 acre bean farm near Walla Walla, Washington. Tractors pull the planting machines, which are equipped with large hoppers containing seed-beans



International Newsreel

INNOVATOR

Best & Company, first New York store to open suburban branches, has just opened a new one—its second—in Mamaroneck. Note the large parking spaces. Best's is a good store to try out the system, for it specializes in juvenile clothing; hopes to appeal to women who dislike to bring children into the city

Railroads ► Freights Through Trains; Trucks Make Local Stops

SLOW-MOVING local freight trains, stopping at every little station to unload a keg of nails or a case of groceries, will become through trains, halting only at key points, if a plan adopted by the Northern Pacific Railway proves successful. And this will be accomplished without lessening the service to the small community.

After a long study of motor truck and bus transportation in its relation to railway operation, the Northern Pacific is developing an auxiliary truck service with its 165-mile line between St. Paul and Duluth as the proving ground.

Less-than-carlot freight will be made up into carlots, the merchandise for towns in one general vicinity being put into the same car. The cars, in turn, will go into the trains in definite order, the one for the first stop being at the tail-end of the train.

Arriving at the first "key station," the car for that territory is dropped off on a siding. Motor trucks meet the car, unload it and rush the consignments to the Northern Pacific stations for which they are destined. The train, meanwhile, speeds along, making only one short stop where, under the ordinary system, it would have made probably three or four, with the entire train waiting at each one for the individual shipment to be unloaded.

The new service will be flexible. Stopping points can be varied from day to day to suit the flow of freight, it being an easy matter for the trucks to change their schedules and routes to suit immediate conditions.

No direct delivery to customers is contemplated. The plan is to limit the trucks to station-to-station use. This, it is contended by the railway, would not make the service a common carrier. On the latter point, however, there is a difference of opinion, the Minnesota Railroad and Warehouse commission holding that the auxiliary truck line does constitute a common carrier.

Personnel ► Celebrate 8 Years Of Cooperation

A BANQUET attended by officials and 300 machinists of Chicago, Milwaukee and St. Paul Railroad recently celebrated the successful completion of eight years of cooperation between the railroad and the unions. Constant controversy had been the custom until, in 1922, an agreement was reached.

Results have been definite and profitable. From being the mid-western road with the highest maintenance costs in 1922 the Milwaukee is now the lowest. The superintendent of motive power stated that, within the last three years, cost of locomotive maintenance has been reduced from $11,000 to $5,700; cost per mile has been reduced from 27 cents to 19 cents.

Retailing ► Goes Out to Meet Suburban Customers

BEST & COMPANY, New York department store, opened its second suburban branch this week in Mamaroneck, Westchester County, 20 miles from New York.

Ten years ago, Sears-Roebuck put a department store outside of Philadelphia, located where suburban dwellers could reach it by auto and have unlimited parking space. It was a decided success.

Department stores in Boston seized the idea and opened branches in Wellesley and the Newtons. Those easily reached by auto have done well.

Marshall Field in Chicago opened a chain of branches—some suburban and others in neighboring cities—but mostly with foot and electric car approach.

Detroit specialty shops have been establishing branches out Grand River Avenue.

New York department store people have said "not for us." They have always catered to the walking, subway-, and taxi-riding crowds which come to shop not only from suburbs but from all over the United States. Some of them serve a large private car trade, too, but it has to be chauffeur-driven since there is seldom parking space near the stores.

Bamberger in Newark, New Jersey has been a great success. Macy bought it out and made it the first New York suburban branch. But this branch is in the heart of Newark and, although more accessible to Jersey shoppers than New York, does not offer very satisfactory parking facilities.

Best is the first frankly to court the suburban auto-driving shoppers. Its first suburban branch was opened last November at Garden City, L. I., convenient to reach from Long Island's suburban towns—convenient to park at when you get there. Best's Mamaroneck store has frontage on three streets with a small triangular memorial park opposite, providing ample curb space for parking. It is on the Boston Post Road and near Mamaroneck Avenue, main highways through Westchester County.

Building ► **Los Angeles Thinks About Growing Up**

LEADERS of the steel industry in California are considering a campaign against the present height-limit restriction on Los Angeles buildings. The reason: buildings higher than the existing 150-foot limit would require stronger frames, use more steel.

While certain building groups can be counted upon to cooperate in the campaign, prevailing sentiment is strongly in favor of the height limit. Property owners and managers say skyscrapers are not economically justified.

It is estimated by members of this group that less than one-third of the extensive down-town area is now covered by improvements of more than three stories. Percentage of rentals in buildings is low; drops with each new construction project completed.

It is charged that skyscrapers would depress rentals still further, hurt outlying real estate, aggravate a traffic problem already acute. Los Angeles has no rapid transit system and very little suburban steam railway service. Office workers depend almost exclusively on street cars, buses and private automobiles for transportation to and from their places of business.

Meanwhile both the County Regional Planning Commission and the City Planning Commission are studying the problem. There is a possibility that the 150-foot limit will be abandoned for a volume control system, allowing buildings to go higher as long as their total space does not exceed that of a 150-foot building with the same base area. Such a plan would encourage use of the setback style of architecture, providing more light and air and more picturesqueness of design.

The height-limit restriction is a part of the Los Angeles city charter; can be removed only by a two-thirds majority of the voters.

Promotion ► **California Boosts For World Trade**

CIVIC and commercial organizations throughout California united from Feb. 17 to Feb. 22 in observation of the first annual Foreign Trade Week, sponsored by the State Chamber of Commerce. This marks the state-wide extension of a plan for promoting interest in foreign trade used by Los Angeles for the past 4 years. Objects of the campaign are to impress upon the public the increased state income to be derived from foreign commerce; to arouse manufacturers and other producers to the possibilities of markets abroad, particularly in the Orient and Latin America.

California now ranks fourth among the states as a source of American exports. In 1926 her exports, exclusive of re-exports of foreign merchandise, were valued at $287,808,000; in 1929 this figure had mounted to $372,536,388. In the same period, imports solely for American use rose from $259,710,000 to $276,347,512, and gross business from $547,518,000 to $648,883,900. Los Angeles has shown the most startling increase in foreign trade, exports having multiplied in value 200 times in 14 years.

Los Angeles will be host this year to the seventeenth annual Foreign Trade Conference, recently called by James A. Farrell, chairman of the National Foreign Trade Council, for May 21, 22 and 23.

In August, the Pan-American Reciprocal Trade Conference will be held in Sacramento.

A. C. Gates

WHAT MAN HATH WROUGHT

Once this was San Pedro Slough, but now it is the model harbor of Los Angeles. That modest city led all ports in inter-coastal shipping in 1929, and ranked second in foreign exports. Total value of commerce handled was $1,070,000,000, exceeded only by New York and New Orleans

Banking ► **See Bright Future For Trust Business**

PERSONS of wealth increasingly want banks to look after their estates. Many want the banks to take care of the most of their funds while they live. The result is a great growth in the banks' trust, or fiduciary, business. Bankers from all over the country meeting in New York recently hailed a great future for this type of business, said to be still "in its infancy."

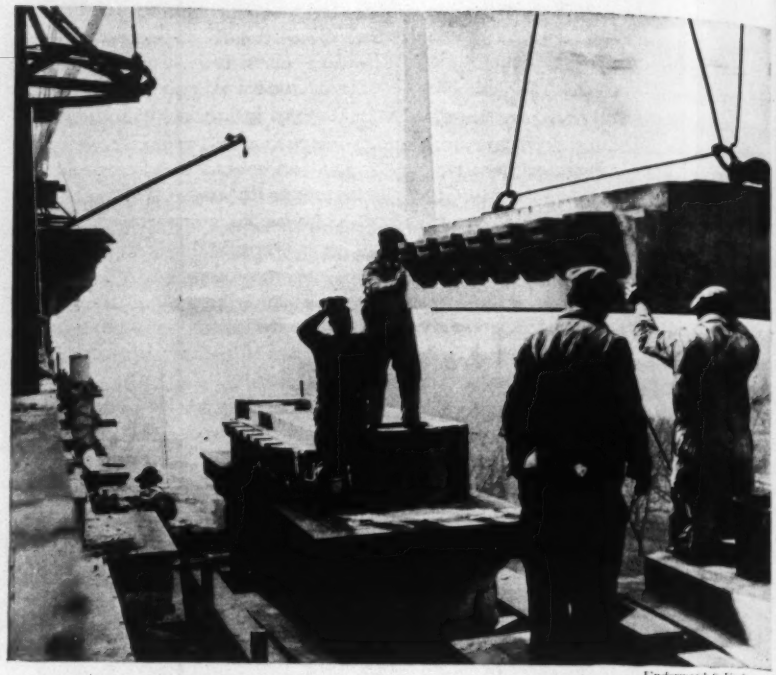
Four thousand banks are now authorized to do trust business. But 1,200 have active trust departments. In 1927, banks were named trustees or executors 29,814 times; last year, they were named by 60,036 individuals. In 1928, there were 622 estates of more than $1,000,000 left for trust companies or departments of banks to administer; last year, the number jumped to 1,086. More than 150 institutions now receive more than 100 appointments annually. For national banks alone, trust assets totaled $922,328,000 in 1926; had grown to $4,237,000,000 in 1929.

Life insurance plays an important part in the trust business. The banks now hold about $2,500,000,000 of life insurance policies. Life insurance is the most used and easiest way to build up an estate. About $1,200,000,000 of life policies were deposited with the trust departments in 1929—an increase of 367% over 1927. Trusts made up entirely of insurance funds numbered more than 15,000 in 1929. The average life policy per person using this means of creating an estate in 1929 was $57,807 in 1929 as compared with $49,591 in 1928.

But the "death" trust isn't all. Banks now preach the "living" trust. "Buy an income for your old age," "Assure yourself independence later on," they say. That simply means saving sufficient principal to provide interest enough to cover expenses after retirement. The trust department will take care of its investment.

Branch banking advocates have found a new *raison d'être* in the trust field. W. J. Kieferdorf, vice president of the Bank of Italy, promulgated it to the conference.

Only people in big cities get the full benefit of specialized trust service now, he said. Smaller banks do not do enough business to be able to employ specialists in handling trusts. But branch banking makes it possible for everyone to have this special service. The big bank has its trust department, services of that department are available to everyone doing business with every branch.



Underwood & Underwood

CAPSTONES OF COMMERCE

These huge stones, each weighing approximately 5½ tons, will crown the columns of the new Commerce Building in Washington. In the distance—the Washington Monument

Railroads ► **Penn Move Tests Free Bus Service**

BY a flank movement, the Pennsylvania Railroad has attacked the Baltimore & Ohio "trainside" motor bus service in New York City. A hearing will be held March 26 by the Interstate Commerce Commission on the Pennsylvania's request for permission to establish bus service between the Pennsylvania station and points in Manhattan, Bronx and Brooklyn; also between its Newark, N. J. station and points in that city. Service would be given only to parties of 25 or more traveling together. It would be free.

This restricted service would be in contrast with that of the B. & O., which carries individual passengers without extra charge in buses between its Communipaw, N. J. terminal and important points in Manhattan and Brooklyn, as well as from its Elizabeth, N. J. station to Newark.

When other railroads protested the proposed Pennsylvania service, that road agreed to an I.C.C. move to suspend the plan pending hearing, noting, at the same time, that the public is not entitled to free bus service such as the B. & O.'s and admitting that its application was filed to force the I.C.C. to consider the validity of the B. & O. service.

Since it refused in 1926 to renew the war-born contract under which B. & O. trains entered its New York terminal, the Pennsylvania has watched with interest the success of the resulting bus service, which has enabled the B. & O., in spite of its cross-the-river terminal, to show a steady growth in New York passenger traffic.

When the case is argued, the B. & O. will contend that the bus service is not really free, although no separate charge is made for it. The railroad has not taken advantage of the fare differential allowed to those railroads terminating in New Jersey over those terminating in New York. On a New York-Chicago ticket this amounts to $2; consequently, a Chicago passenger may reasonably be said to pay $2 for the bus ride. Should the bus service be ordered discontinued, the B. & O. will ask for the differential rate and, indeed, may request one to Baltimore, Washington and points south. This move would undoubtedly precipitate a major contest in railroad passenger transport.

Shipping ► **First Rivetless Cargo Vessel**

THE first rivetless cargo vessel, a 2,500 barrel oil tanker, has just been completed for the Texas Oil Company in the shipbuilding yards of the Charleston Dry Dock & Machine Company

Charleston, S. C. The vessel has been constructed entirely by arc welding and has not a rivet, bolt or structural angle in it. Arc welding was done under a new system of dove-tailed, lock-notched plates developed by Richard F. Smith, a young ship designer and inventor. Nine workmen and 8,000 pounds of welding wire were used in construction, instead of the 85,000 pounds of rivets required by the usual method.

A saving of 20% in weight and 25% in construction cost was said to have been made, compared with riveted vessels. In addition, absence of rivets, bolts and angles is said to increase effective cargo capacity. The ship is 120 feet long, 23 feet wide and has a draft of 10 feet.

Construction ► **To Build Homes For Rumania**

FOREIGN contracts, particularly coveted in every domestic business upset have come to United States engineers. One of the largest comes to David M. Oltarsch, New York engineer and architect, who will supervise Rumania's $100,000,000 housing project, work to begin at once and to cover a period of 15 years.

More than 50,000 homes and official buildings will be built in Bucharest and in growing industrial centers—Constanza, Czernowitz, and Timisvara.

Production ► **Eaton Needs Gulf Steel But Armco May Get It**

IT begins to be clear that without great discretion and patience Cyrus S. Eaton and his Ohio group can bid up independent steel properties to much more than they had expected to pay.

Eaton has wanted Otis Steel of Cleveland (founded by the father of his partner, C. A. Otis) but the Van Sweringens, Bradleys and other Clevelanders now in control of it set a higher figure than he was willing to meet.

Eaton has had a minority interest in Gulf States Steel for some time—possibly since 1927. Now Gulf bargains cordially with American Rolling Mill of Middletown, O., and it looks like a merger. For such reasons the Eaton plans are clothed in deepest secrecy.

It is possible, of course, that Armco would one day fit in with Eaton's Republic Iron & Steel. The Fishers of Detroit have been interested in Armco, and they are said to have assisted Eaton in some of his acquisitions. The Mellons of Pittsburgh, who have contact with Eaton on the public utility side, took Armco securities in part payment for their Columbia Steel Co. and they share a furnace property with Armco. Without Gulf States Steel, or without Armco, Republic Iron & Steel would be called upon to return to rolling steel in Birmingham.

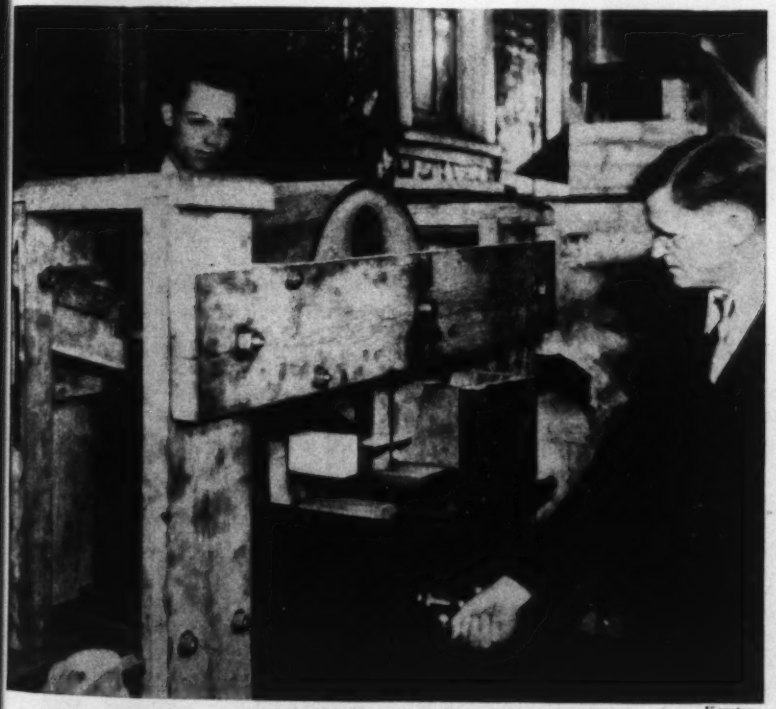
George A. Verity built up the Armco plant at Middletown, O., from a corrugated roofing business into a specialty mill selling pure iron in a variety of forms. Engineers of American Rolling Mill concluded they could roll sheet steel by continuous process to much greater widths than the 24 inches secured by that method years ago. The company bought the plant at Ashland, Ky., and without the steel industry's suspecting what was going on, set up a mill half a mile long and rolled sheet from the ingot to the finished product without the touch of tongs. The Ashland mill is now turning out sheets wide enough for the single stamping that makes the rear of a sedan. The economy of the Ashland mill embodies cheap gas in the normalizing furnaces.

While Armco engineers were busy at Ashland, two men from Canton, O., A. J. Townsend and Harry N. Naugle, were working on a "stripsheet" process in the Columbia plant at Elyria, O. They sold their rights in it to the Mellons for a price believed in Canton to have been a million apiece, and subsequently American Rolling Mill paid $20,000,000 for the Mellon company.

Conflicts developed in 1927 between the joint Armco and Columbia process on the one hand and two or three independent installations, but these soon yielded to a licensing arrangement now controlled by Armco. Republic Iron & Steel inherited one of these licenses from its Trumbull purchase. Other licenses are held by United States Steel, Wheeling Steel, National Steel, Youngstown Sheet & Tube, Otis Steel and Gulf States.

In obtaining Gulf States, Armco would acquire not only one of its own continuous sheet mills, which is under construction at Gadsden, Ala., but also a source of ingot supply for the Ashland mill, where the sheet process runs beyond the capacity of the open hearth furnaces. Gulf States has been shipping ingot to Ashland from its Alabama City mill, adjoining Gadsden.

Armco last summer optioned a steel mill site along the Detroit River below Detroit, but postponed building a plant at the slump in the steel industry last fall. Newton Steel (General Motors in-



Keystone

SOMETHING NEW IN BRICKS

And almost for the first time since ancient Egypt. This brick is white hot and is emerging from a new press invented by Prof. Joseph B. Shaw of Pennsylvania State College. It shapes bricks from molten raw material, as in steel making

terest) opened its new sheet plant at Monroe, Mich., a few miles away on Feb. 19. The Newton plant manufactures sheet steel by older methods, albeit refined by modern mechanical improvement, and has no plans at present for installing the continuous sheet process.

Utilities ► **Power Commission —4 Aides; 4 Plans**

THE Interstate Commerce Committee of the Senate in its current hearings on power questions brought to light this week that all is not harmony in the office of the Federal Power Commission—that body which has permanent jurisdiction over licensed power projects. (These comprise less than 4% of the capital and 6% of the generating capacity of the electric light and power industry.)

The legal, accounting and executive heads of the commission dispute as to the work and needs of the body as it now exists and, to top it all, Congress is considering a bill providing for the appointment of full-time commissioners instead of utilizing, as at present, the Secretaries of War, Agriculture and the Interior in that capacity.

The dispute simmers down to this: The commission's chief accountant, W. V. King, wishes to enlarge the accounting function and to fix the accounts as to form and class for all licensees. The solicitor, C. A. Russell, wants to go more fully into the legal aspects of power projects and matters that may bear on rate-making. But the executive secretary, F. E. Bonner, believes that the law is now carried out efficiently and prefers to restrict the activities of the commission to the essential provisions of the water-power act. Apparently the Cabinet Secretaries are more or less neutral and would be willing to step down in favor of permanent commissioners. President Hoover, in a recent talk with Senator Couzens, is said to have declared himself in favor of providing full-time commissioners.

Reflecting the viewpoint of the industry *Electrical World* says: "It is very questionable whether the commission's efficiency would be increased by substituting permanent officers for the Cabinet Secretaries. Even were such a body set up, the governmental departments of War, the Interior and Agriculture would remain vested with functions affecting development of water power from streams and on public lands and would not relinquish this jurisdiction. A large bureau is unnecessary and expensive. It would but add another obstacle to prompt decisions."

Commodities ► **Government Can Buy Wheat But Can't Eat It**

THE succession of collapses in commodity prices during the past two months culminated Tuesday in a decline which drove wheat temporarily below a dollar—a level reached only three times since pre-war days, and the lowest February price since 1914. Most staples—cotton, silk, rubber, tin, cocoa particularly—

IN INSULL'S STEPS

Edward J. Doyle, once an office boy, has succeeded Samuel Insull as president of Commonwealth Edison Company, Chicago. His real career began as, Mr. Insull's secretary, just as Mr. Insull began as Edison's secretary

fell with wheat, and some did not recover their losses as wheat did.

Weakness in wheat and cotton prices has pursued the Farm Board like grim destiny since it began operations. Wheat should now normally be near its highest price for the season—midway between the marketing of the old crop and the oncoming of the new winter wheat crop in June. Foreign buying should be near its peak.

The attempt of the Canadian pool and the Farm Board, to hold out for higher prices has reduced European buying to the lowest level in years. Our exports in the week ended February 22 were a fourth of those in the corresponding week last year. European crops were large; exports of surpluses by some countries like France were subsidized by bounties; Russia exported enough wheat to depress the European market, partly, it is said, with malice, partly to get money to buy more American farm machinery to raise more wheat to export next year; Argentine wheat was dumped abroad at low prices to help support her currency.

Everything conspired to enable the foreign consumer to thumb his nose at the North American "stabilization" plans. In consequence the provincial governments of Canada have had to come to the support of the Canadian pool, and the Federal government here to back up the co-ops by establishing a stabilization company permitting Uncle Sam to shoulder their debts.

As one Chicago observer put it, "there is no substitute for consumers. The government may buy, but it doesn't eat. Whatever it purchases hangs as a continual threat over future markets."

More fundamental than the consumer strike is the fact that Farm Board activities and statements by Farm Board officials have driven out private traders who have heretofore been a stabilizing force. Formerly speculators invested some hundreds of millions to carry over twelve month periods crops produced in three or four months. With the Farm Board in the picture the risk is too great.

Farm Board pronouncements are not substitutes for money driven out of the market. Unless the government supplies actual cash in proportion to that which has departed, its advice, however good, will be of little effect. A market observer of long experience estimates that speculation in cotton has been reduced in volume more than one-half. Money used a few months ago in stock market speculation has not gone into the commodity markets as it might have done but for government intervention.

Last week's crash in wheat further intensified the resentment, recently somewhat subdued, of the grain trade against the Farm Board, and revived rumors that the trade is preparing to test the legality of Farm Board activities in the market. During the price slump, the Board refused to support the general market by buying anybody's wheat and confined its purchases to holdings of the cooperatives paying as much as 20 cents above the

open market price for such wheat. In the eyes of the grain trade this makes the Farm Board and its marketing organizations a kind of exclusive club, paid for at public expense, with everybody else left out in the cold.

In cotton all of these things likewise apply, plus the additional factors of poor quality crop, increasing competition of foreign cotton and slack foreign and domestic demand due to business recession. Cotton is lowest since the big crop of 1926, two cents under the fixed government loaning price, but the Farm Board is cautious about supporting the market for fear of stimulating production at the beginning of the planting season now.

It is concentrating its efforts on propaganda to cut acreage below 40,000,000 acres, warning that cotton will be 10 cents if as much is planted this year as last. These efforts are having some effect, but a cut of 7,000,000 acres is too much to expect, and it will probably have its troubles with cotton this year. Probably with wheat, too, because winter wheat planting was large, weather favorable, and opposition to reduced spring wheat planting is strong in the Northwest.

Distribution ► **Food Merger Adds Northern Outlets**

GENERAL FOODS CORPORATION, through its subsidiary, Frosted Foods Company, Inc., has bought three Boston grocery wholesalers. The three are combined under the name Batchelder, Snyder, Dorr & Doe Company.

New England grocers will be served from enlarged headquarters in Harvard-owned property in the center of the congested Boston wholesale district. Nine buildings will be renovated. Birdseye Quick Freezing Process, owned by General Foods Corp., will be installed.

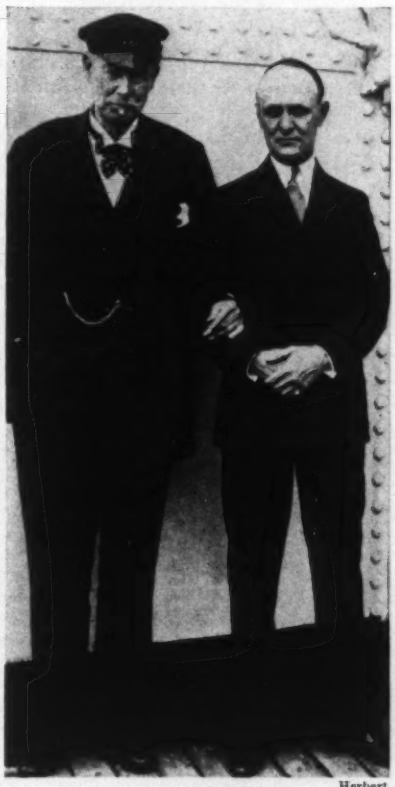
"Virtually all members of the staffs of each organization will continue in the service of the new consolidation," says the announcement.

From Canada comes news that General Foods Corporation is taking over and consolidating the distribution organizations of its various subsidiary manufacturers. R. K. McIntosh is resident vice-president of "General Foods, Ltd." at Toronto. There are representatives in all provinces of the Dominion.

When the process is completed General Foods Corporation will have a complete national jobbing organization with warehousing facilities for serving retailers direct at any point in North America.

Construction ► **Two Mail Order Houses Now Are Building Homes**

MUCH the same type of plan for home-building and financing announced recently by Sears, Roebuck & Company (THE BUSINESS WEEK, January 29, Page 10) has been adopted by Montgomery Ward Company. If the prospective home builder owns his lot, the company will lend him up to 75%



Herbert

SHIPBUILDERS

Sir Thomas Lipton (left) is building Shamrock V to race for the America's cup, and Paul Chapman, head of United States Lines, will soon launch companion ships to the Leviathan

of the full value of both lot and house and will assume all the details incidental to home-building. The owner gets 15 years to pay up.

Over 400 sales offices for ready-cut materials have been opened throughout the country with competent staffs to assist the prospective home-owner in selection and erection of his house. In sections of the country where this service has been perfected, the company will undertake the whole building job.

Important developments in both the Sears, Roebuck and Montgomery Ward plans are extension of financing terms and provision for supervision of actual house erection. The latter item is particularly important since local builders and contractors have been inclined to look somewhat unfavorably upon this type of construction which reduces their opportunities for profit. In face of competition from the two big mail order houses, this attitude may be expected to change and the prospective home-owner will be able to obtain the full economies possible from ready-cut designs.

Finance ► **English Firm Gets Foothold in Canada**

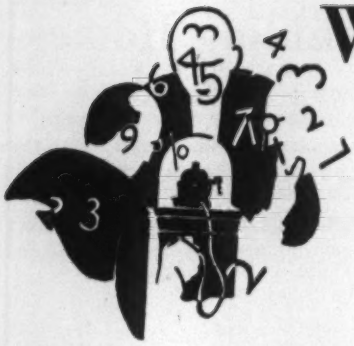
THE United States is by far the most fertile field in the world for all sorts of insurance, and the big British companies are becoming increasingly eager to cut in on the business. Many are already operating in this country and have a large but unestimated amount of policies in force. The Atlas Assurance Company of London, with resources of more than $7 billions, which owns the Albany Insurance Company and has branches in New York and other cities, recently invaded the Canadian field by buying Montreal Life, which has $40 millions of policies in force. The London concern had previously failed to make headway in Canada directly.

At present, the English companies are concentrating their operations in the large cities, although they are not wholly neglecting the smaller communities. Their next move is likely to be a concerted drive in those areas. American companies are as eager to get business abroad as the foreigners are to get a foothold here, but have experienced considerable trouble because of legal difficulties. However, they have recently acquired interests in Germany and Scandinavia.

Banking ► **Big Groups Show Earnings of 9%**

BIG bank groups can earn money. First financial reports of the country's two largest make that clear. First Bank Stock Corporation, with 92 banks in 60 cities with total resources of $446,915,000, shows earnings of $2.41 a share on the $25 par value stock—9.65%.

Northwest Bancorporation is the other big group. Its statement recently showed earnings of $4.40 a share on stock of $50 par. That is equal to 9%. Northwest Bancorporation has some 94 banks with total resources of $478,000,000.



What the Figures Show

THE latest week's records are more irregular. General trade indicators show a slight tendency to improve, along with building, but basic industrial activity tends to slacken as though having outrun current demand. Acute weakness of prices reveals rather feeble markets.

The average rate of steel production dropped off from around 81% of capacity to around 80% after the steady increases from week to week, at a diminishing rate, since the first of the year. The Steel Corporation operations continued unchanged but independents fell back from about 77% to 74%. A year ago average steel operations were at 90% of capacity and rising rapidly each week to the peak reached during the last week in April when they stood at slightly above 100%. There is less expectation than there was of any steady further rise, although a moderate spring peak is still hoped for. Geographically, conditions are more irregular. Chicago and Birmingham show high and increasing rates but Pittsburgh and Valley plants are falling back. Railroad, automotive and agricultural implement steel demands are somewhat slackened. February automobile production is not expected to show much increase over January, pending clearer determination of the spring market. Structural steel awards were notably lower for the week.

FIGURES OF THE WEEK

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	80	81	90
Building Contracts (F. W. Dodge, daily average in thousands, four-week basis)	$10,025	$ 9,764	$14,091
Bituminous Coal (daily average, 1,000 tons)	*1,717	1,823	1,990
Petroleum (daily average, 1,000 bbls.)	2,722	2,653	2,694
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	149	148	160
Check Payments (outside N.Y. City, millions)	$ 5,955	$ 4,573	$ 6,631
Wheat Receipts (1,000 bushels)	4,732	5,235	6,029
Cotton Receipts (1,000 bales)	147	114	199
Cattle Receipts (1,000 head)	*161	‡140	136
Hog Receipts (1,000 head)	*637	‡655	637
Wool Receipts (1,000 lbs.)	1,386	1,659	6,814
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.12	$ 1.13	$ 1.20
Cotton (middling, New York, lb.)	$ .155	$ .158	$ .203
Iron and Steel (composite, ton)	$35.24	$35.24	$36.37
Copper (electrolytic, lb.)	$ .178	$ .178	$ .178
All Commodities (Fisher's Index, 1926-100)	92.2	93.1	98.0
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,519	‡$16,593	$16,189
Commercial Loans, Federal Reserve member banks (millions)	$ 8,850	‡$8,911	$ 8,745
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,489	$ 3,494	$ 5,507
Federal Reserve System Ratio	78.8	78.5	69.9
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	16,797	15,367	12,983
Stock Prices (N.Y.Times, average 50 stocks)	$222.81	$224.89	$237.84
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$49,286	$42,757	$31,418
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.85	$ 93.91	$ 95.33
Interest Rates—Call Loans (daily average)	4.4%	4.0%	7.0%
Interest Rates—Time Loans (daily average)	4¼%	4⅛-4¼%	7¼%
Business Failures (Dun, number)	585	566	411

* Preliminary
‡ Revised

BUILDING activity shows fairly steady improvement. The moving average of general building contract awards is higher, as well as heavy construction contracts, although the latter showed a drop for the latest week. The weekly F. W. Dodge figures of general building have moved steadily upward since January 18. The *Engineering News-Record* heavy construction figures have been more irregular but with an upward tendency during February.

The rate of bituminous coal production tends downward and is considerably below last year. Petroleum production continues to rise, with increasing price disorganization in the industry.

PRICES generally had a bad week. The wheat and cotton averages were only slightly lower, but wheat suffered acute collapse below the dollar level on February 25, carrying many other staples with it. The iron and steel composite remained unchanged for the fifth consecutive week. Nothing has happened to the copper price, but demand is improved. The Fisher all-commodity index declined sharply and the National Fertilizer Association index fell 1% during the week between February 15 and 22, the sharpest decline in the history of the index. The price averages are now more than 6% below a year ago.

Price declines may have gone to the point where they have begun to stimulate trade. General trade indicators were somewhat more encouraging. The daily average total carloadings for the week ended February 15 rose slightly. Non-bulk loadings have risen more rapidly for three consecutive weeks than in the

corresponding weeks of the last two years but are still below the periods. The deficit below 1929 and 1928, however, has been steadily reduced during the past four weeks.

BANK debits rose sharply for the week owing to a difference in the number of business days in some centers. The figures for 131 cities outside of stock trading centers rose more sharply than in the corresponding week of 1929 and are considerably above the 1928 figures. Here, too, the deficits in comparison with 1929 have been declining.

Commercial loans of reporting Federal Reserve member banks were lower for the week, though they should now be rising.

The number of business failures continues to grow and is considerably above a year ago.

Money and the Market

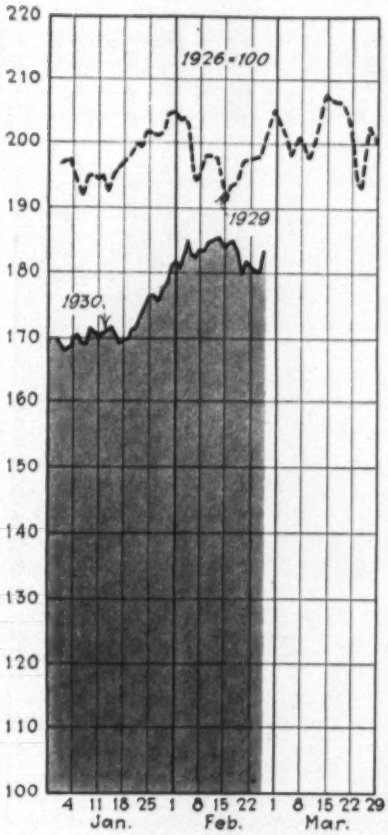
THE stock market of this week shows little change from that of last. A rather sharp decline in prices was followed by a rally of about the same proportions as the drop.

Industrial and utility shares are strongest at present. Some buying is taking place in rails, but heaviness prevails in this quarter under continued unfavorable earnings reports.

The week brought a mixed batch of news to the market. Tobogganing agricultural prices proved most depressing. For the third time since the war, wheat went under $1 a bushel and cotton did the unusual, getting below 15 cents a pound. These slumps carried stock prices down. But when Farm Board buying forced a rally in the commodity markets that, too, affected the securities market—as a buoyant influence, this time.

The market watches steel activity closely. Steel hesitated this week. Activity and production seem, for the time being, to have outrun demand and are slowing up. Other miscellaneous news had more or less effect market-wise. I.C.C. approval of the merger of Great Northern and Northern Pacific had a favorable effect, qualified by the refusal of the Commission to let these roads have the Burlington. An investigation of the Pennsylvania's holding company, Pennroad, was begun.

The Senate's wild talk about closing commodity exchanges was generally disregarded. President Hoover's warning to Congress and the public as to appropriations was recognized as usual. There is interest in rumors that Marine Midland, the half billion dollar upstate bank group, is negotiating to enter New York City.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

The mild pickup being shown by trade generally is somewhat unnoticed by the Street as yet. This manifests itself in merchandise carloadings and bank debit figures outside of New York City, primarily. The movement is only moderate, but is promising.

The money markets were unchanged in the week. Recent trends are discussed in interest rates elsewhere in this issue. The Federal Reserve system again was inactive this week, its total volume of credit outstanding decreasing slightly. The system is extremely hesitant about coming to the aid of slack business.

Borrowings of member banks decreased $34 millions in the week to the unusually low total of $342 millions. Bill holdings increased by $18 millions to almost $300 millions. Government security holdings were almost unchanged at $482 millions. The Reserve ratio rose fractionally to 78.8%.

Foreign exchanges wavered near the low point reached last week, somewhat above the gold import point. Six millions more of the metal arrived from South America. Berlin became the center of attraction this week, the higher interest rates there drawing gold. The Germans took almost all of the free gold offered in London. Berlin received its first shipment of gold from Paris since 1914.

The possibility of another lowering of bank rates is being discussed. There was considerable expectation of such action by London, where money rates are out of touch with the Bank rate. But, with Berlin taking gold in the London market and sterling exchange low on dollars, nothing happened. It is felt, however, that London is willing to reduce if Germany and the United States do so again. The visit of Gov. George L. Harrison to Europe is of interest in that connection.

Business is also keeping an eye on the French political situation. The Tardieu government fell by an unfavorable vote on one of Finance Minister Cheron's measures. Cheron was trying to build Paris as an international financial center and, at the same time, keep the government prosperous. The large French balances and huge gold holdings make Paris a most important center in international finance.

Brokers loans decreased very slightly, by $5 millions in the week. Weaker prices for much of the time accounted for this movement.

The money market is watching with much interest the progressive steps toward establishment of the World Bank. This week brought about materialization of much of what, heretofore, has been rumor. The new bank will be an important factor from the first, and will grow more so. Its establishment will mean—almost at once—issue of the first block of reparations bonds.

The governors of the central banks of Europe, meeting in Rome this week, offered Gates W. McGarrah, chairman of the New York Federal Reserve Bank, chairmanship of the new institution. Leon Frazer will be the other American member. McGarrah resigned from the Federal Reserve, conferred with Hoover and other government officials and will sail for Europe shortly. J. H. Case, deputy governor, succeeded McGarrah here. Switzerland ratified statutes of the new bank, permitting its establishment at Basle, as planned.

January Employment Bad, But Improving

THE regular monthly figures on employment and payrolls collected by the U. S. Bureau of Labor Statistics show that the level of employment around the middle of January was lower than that around the middle of December. These regular monthly figures, which in January covered 34,857 establishments employing 4,792,669 employees, show the number of persons on the payroll and the total amount of payroll during a single week in the month—usually the week beginning or ending around the middle of the month and including no holidays. It is important to remember that these figures are a comparison between single weeks in each month.

On this basis the eight major industrial groups—manufacturing, coal mining, metal mining, quarrying, public utilities, trade, hotels and canning—showed a decrease of 2.6% in the total number employed for January as compared with December and 5.4% in the total amount of payrolls. In the manufacturing industries alone the decrease between these two periods was 1.8% in employment and about 5% in payrolls, the per capita earnings being 3% lower in January than in December. As compared with January, 1929 employment in manufacturing industries was 5.3% lower and payrolls 7.3% lower.

The smaller decrease in employment than in payrolls suggests that manufacturers have been making an effort to maintain employment by providing part-time work.

These decreases bring the level of employment below that for any month since April, 1922. Payrolls for January were lower than in January, 1928 but still somewhat above the level of the middle of 1924. These comparisons with past periods of depression appear slightly more unfavorable than they actually are because it is well known that there has been a steady downward bias in the Bureau of Labor Statistics' figures owing to the changes in the sources from which reports have been received since the collection of the figures began in 1919.

Nevertheless, it is clear that in this month-to-month comparison there has been a fairly general decrease in employment, both for the month interval as well as over the year. A decrease was shown in all of the nine geographic divisions except the East-North-Central division, where the increased activity in the automobile industry brought about a slight gain in employment.

This monthly comparison agrees with the report of the New York state authorities who have been insisting that employment decreased from December to January, in contradiction of statements coming earlier from Washington which conveyed the impression that employment in January was at a higher level than in December. They agree also with reports received from BUSINESS WEEK correspondents in various parts of the country.

It should be noted, however, that the statements from Washington, before issuance of its regular monthly report, have emphasized the changes in employment from week to week as indicated by weekly figures for a smaller number of establishments from which the Bureau of Labor Statistics has been receiving reports since December 15. These weekly figures, the Federal government says, show that there was a marked decrease in employment between December 16 and 30, but since then there has been an upward trend. This is not necessarily inconsistent with the results of the monthly report which show that employment around the middle of January was lower than that around the middle of December. The decline between the middle and the end of December was probably larger than the increase from the beginning to the middle of January. Since the middle of January both the Bureau and the Federal Reserve Board report increasing employment up to the week ending February 3.

Despite these indications of upward trend, there is evidence that unemployment is more serious than at any time since the post-war depression. In the building trades in the larger cities conditions are especially severe, owing to the seasonal slackness and the slow recovery of construction work, particularly of residential building.

Building, Too

SIMILAR confusion has been created by conflicting statements regarding the trend of building construction between December and January. In this case the figures represent totals for the whole months and the only reason for misunderstanding is that they are collected from different sources and represent different types of building, while people using them put special emphasis upon one or another group of statistics.

The most comprehensive building statistics, those of the F. W. Dodge Corporation, show that the total value of all building contracts awarded during January was 2.4% higher than in December but 21% lower than in January, 1929. The increase in January over December, as has been pointed out earlier in THE BUSINESS WEEK, was the first such increase since 1921.

Using the classification adopted by the Dodge Corporation the following changes in various types of building took place: the total residential building, which accounts for 21% of the total, was 41.6% lower for the month and 51.8% lower for the year. Public works and utilities, representing 35% of the total, were 116% higher for the month and 68.4% higher for the year. Other non-residential building, 44% of the whole, was 3.5% lower for the month and 29.3% lower for the year. In this latter group commercial buildings, representing 17% of the total, were 61.7% higher for the month but 46.1% lower for the year. Industrial building, accounting for 12% of the total, was 43.2% lower for the month and 39.4% lower for the year.

The Dodge figures aim to include all contracts awarded in the thirty-seven states covered exceeding $5,000 in value. The *Engineering News-Record* figures of heavy construction contracts awarded cover only industrial buildings of over $45,000 in value, public works over $25,000, water works and utilities over $15,000 and other buildings exceeding $150,000 in value. For that reason there is little close correspondence between the two sets of figures. The *Engineering News-Record* figures show a rise in the total of all heavy construction contract awards of 48.2% for the month but a decline of 39.8% as compared with January, 1929. Public works and utilities showed an increase of 72.2% for the month but were 38.4% below a year ago. Commercial buildings increased 35.6% for the month but were 41.2% below January, 1929. Industrial buildings showed an increase of 50% for the month but were about 50% below a year ago. Public buildings increased 8.3% but were 9.7% below last year.

The only general conclusion that can be drawn from these somewhat different figures is that there was probably an increase in contracts for public works and public utilities as well as commercial building construction, between December and January, but a definite decline in residential building. It is probable, too, that most of the heavier and larger types of construction projects, as well as residential building, remained in January below last year's level.

As in the case of employment, however, there has been a tendency for both the F. W. Dodge and the *Engineering News-Record* weekly figures to increase week by week since about the middle of January.

Chains Face First Real Fight As South's Politicians Seize Issue

AGITATION against chain stores, waning in the North and West, flares with sudden violence in the South.

Washington wires are hot and Washington mail bags are heavy with demands for remedial legislation. Congressmen, their super-sensitive ears tuned in on the grass roots, recognize the rumblings of an approaching crusade, and bestir themselves.

On February 20, Representative Jones, of Texas, introduced in Congress a bill to put chain stores under state laws, regardless of their interstate character.

Congress already has before it the Capper-Kelly price fixing bill. It hopes to deny chain and department stores the right to cut prices of nationally advertised goods, empowering the manufacturer to fix the retail price—a privilege certain manufacturers have sought for fifteen years. Also, Congress has voted the Federal Trade Commission $142,540 additional to speed and enlarge its chain store investigation.

Not all congressmen are stampeded by the noise. Many maintain their favorite position on the fence, pondering deeply. Simple deduction shows that there are vastly more voters buying in chain stores than there are independent storekeepers. Others are pro-chain. Representative O'Connor (Okla.) suggests facetiously that Congress investigate the public which insists on buying in chain stores. Representative Huddleston (Ala.) believes in chains because they are an advance in efficient distribution.

THE chains profess to be undisturbed. They have beaten many bills in state legislatures. Investigation by the Federal Trade Commission they regard with composure because it affords another chance to show that they aid the consumer. But a minority element admits grave concern over the conflagration in the South.

Most disturbing is the way politicians are flocking to the anti-chain banners. Politicians do not make issues; they adopt issues that already have been raised—those which promise success. Office seekers apparently have convinced themselves that the citizenry is genuinely aroused.

A virulent campaign to force drastic anti-chain legislation agitates the Texas legislature. Governor Huey P. Long, of Louisiana—he of impeachment trial fame—is quoted by an anti-chain organ as saying that he would rather have thieves and gangsters in Louisiana than chain stores. The Hon. Flem D. Sampson, governor of Kentucky, declares chains take from a town more money than they put in and do not contribute to the welfare of a community. Charles McCall, attorney-general of Alabama, is running for governor on an anti-chain platform.

WHO CARES
CHAIN STORES
YOU DIDN'T HELP BUILD OUR ROADS
YOU ARE TAKING MONEY FROM OUR TOWN AND SENDING IT TO WALL STREET.
YOU DIDN'T HELP BUILD OUR CHURCHES
YOU DIDN'T HELP BUILD OUR SCHOOLS
YOU WOULDN'T CREDIT ME WHEN I WAS SICK AND OUT OF A JOB

"ACCUSING FINGERS!"—A typical cartoon from "Truth," a propaganda publication "dedicated to community progress and prosperity," which is widely circulated throughout the South by the independents in their fight against the chain store system

So widespread is the agitation that it would seem to be the result of deliberate strategy of some powerful organization. That is not the case. Students of the phenomenon agree that the movement has as yet no central body. But it has a voice—and what a voice!

Daily the ether carries from Shreveport, La., into the uttermost backwashes of the universe the stentorian tones of W. K. Henderson, owner of radio station KWKH. Henderson is chief announcer—and denouncer. His pet aversion is the chain store, the grocery chain store in particular. He delivers to thousands of eager listeners lurid and humorous attacks against the "enemy of the community." Great is Henderson's following; he is the greatest single factor in the present fight.

Henderson is a Moses by accident. He is a man of means, owner of an iron works in Shreveport. He built the broadcasting station for profit and publicity. During the Smith-Hoover campaign he wielded a mighty ether wave for the Democratic nominee. According to the Kansas City Star, Henderson came to espouse the anti-chains in this wise:

A local retailer told over KWKH how the chains were cutting in on independents. When he finished, Henderson seized the "mike."

"He means," said Henderson, "that those dirty, sneaking chain stores are coming into your town and taking your money and sending it out to a bunch of crooked, no account loafers in Wall Street."

A DELUGE of letters and telegrams poured in. Henderson seized the opportunity and the gonfalon of the anti-chainers. He ran foul of the Federal Radio Commission when he began to season his tirades with cuss words. Upon protest by the Commission he agreed to delete the profanity.

Henderson sells "Hello World" coffee. Send in a dollar and he will mail you a pound of coffee. He admits the coffee isn't worth a dollar but solicits the sale as a contribution. It is said he sells 1,000 pounds of coffee a day, a statement which coffee dealers doubt. His followers seem blind to the fact that by selling this coffee to distant purchasers he is doing exactly what he attacks the chain for doing—taking money out of

communities and competing with local stores.

There is also the Merchants' Minute Men, an organization started by Henderson. It costs $12 a year to join. The entire $12 goes to Henderson and KWKH. A cynic has suggested that it might be interesting to compare the profits of the radio station with those of the Henderson Iron Works.

A recent move disturbing food manufacturers, is Henderson's comparison of packages bought at independent stores and at chains. He names brands, the best known in the country. To his radio audience he will describe a can of beans or a bar of soap bought at a chain store which is smaller than one bought from an independent. The insinuation is that most housewives are deceived—think they are getting articles cheaper when they really are only getting less.

THIS charge of dishonest practice is extremely bad medicine for the manufacturer. It tends to destroy confidence in brands which carry millions in advertising and good will. So far manufacturers have maintained their neutrality in the chain store fight. Henderson's latest attack may force the manufacturers to take a stand. They are puzzling and conferring on the matter. Admittedly something ought to be done, but what they can't yet say.

The revolt in the South is attracting hordes of promotors, and organizers. Anti-chain associations can be counted by the dozen. The Texas Anti-Chain Association was incorporated in Austin in January. The Home Merchants' Protective League was formed in Dallas on February 10. The National Association Opposed to Chain Stores has headquarters in Minneapolis but its president lives in San Antonio and there is a branch office in Fort Worth.

An official of the National Association of Retail Grocers raises his voice in warning:

"We cannot blind our eyes to the fact that thousands of grocers in every section of the country are being asked to support private promoters soliciting funds through an appeal to prejudice, on promises offering no lasting benefit . . . There are on my desk at the present time seven applications for assistance from newly born companies . . . A recent attempt to secure information about several such organizations clearly indicates that they are set up to make money for their promoters."

In addition to the regiments of the organized, there are numerous snipers. A promoter will come into a town, take a two-page ad in the newspapers which sets forth arguments against the chains. At the bottom of this ad names of independent firms making contributions appear. When one town is worked the promoters flit to another. Doubtless some of these apostles are well-meaning. The activities of others smack of racketeering. A check-up in one instance showed that of $10 collected from the grocer, $5 went to salesmen's commissions and advertising, the other $5 to the promoter.

WHEN one asks the chain men what they are doing to fight back, the usual answer is, "Nothing." They say their business is selling goods at low prices; suggest the independents would be better off if they devoted more time to their groceries and less to mass meetings.

It is not indifference on the part of chain officials. They are too shrewd to underestimate the menace of the threatened drive. But they have not hit on a successful weapon of defense. The enemy has them in something of a hole. Henderson pounds and pummels at a passive adversary. The chains say to notice him at all is to acknowledge his importance and draw upon themselves more sulphuric invective from KWKH.

Chain organizations and officials take the stand that right is right and that their system of distribution will win out because it is better than the haphazard methods of the past. They contend that thousands of independent stores have withstood the chains, that chain competition has taught better methods to the local merchants. To the charge that they take wealth out of a community they retort that chain stores leave wealth where it belongs, in the pocket of the consumer.

International

LOUDSPEAKER

W. K. Henderson of Shreveport, anti-chain broadcaster and coffee merchant

One shrewd move they have made. Small town bankers have protested because the average chain store kept too small balances. The National Chain Store Association is trying to work out this problem with a committee of the American Bankers Association. It was shown by the bankers that an average balance of $800 is required to cover banking costs and a balance of $1,000 is necessary for the bank to make a profit. One of the chain committee answered the allegation that chains take wealth out of local communities by showing exactly what happened to a chain drug store's dollar. Sixty-five cents went to the manufacturer, 12 cents to local payroll, 9 cents to rent, 9 cents to light, heat, etc. The 5 cents remaining was profit. This nickel was the amount taken out of the town—and since it was paid to stockholders who are scattered all over the country, it was quite possible that some of it returned in the form of dividends to the town of its origin.

The chains hope to gain the goodwill of local banks. If the chain store's deposits are satisfactory, the local banker will not antagonize a good customer by joining the hue and cry. Small town bankers are powerful personages. By a word here and a frown there they may be able to discourage anti-chain activities. The drive to erect trade walls about the small town is contrary to the drift of commercial development and has little chance of success.

SOUTHERN legislatures have heard the outcry. Texas is considering measures to impose heavy license taxes on the gross receipts of chains. Bills have been introduced in Kentucky and Virginia. The convening of other legislatures doubtless will call forth similar bills. Last year 63 anti-chain bills were introduced in state legislatures. Three of these were passed. Two were beaten in the courts and one—in North Carolina—is still in litigation.

The 1929 legislatures of 25 states considered anti-chain legislation. Among them were Indiana, Ohio, Illinois, Michigan, Wisconsin, Minnesota, Missouri. The Pacific Coast was remarkably free of anti-chain measures for the reason that the Coast has long had chains and has accepted them into the regular processes of distribution. A law passed

This newspaper advertisement has interested so many people in THE SHAW-WALKER SKYSCRAPER DESK in every city in which it has appeared that we are constrained to reproduce it herewith "as is" . . . READ IT . . . and send the coupon.

BUY NO DESK

Until You've Seen the Sensation of The Business Show

Buy no desk until you have seen Skyscraper, the new desk by Shaw-Walker. You'll marvel at the downright cleverness of it. You'll revel in the rich beauty of it. You'll be amazed at the organized features of it. And you'll gladly pay the moderate price asked for it. Your people, too, will thank you for an easier and better day's work.

No wonder the Skyscraper Desk by Shaw-Walker was the sensation at the Business Show.

Every desk-interested person who saw it, whether office worker, executive, official, or professional man, admired the way in which it solves old-time desk problems.

It has a new kind of top—smooth and glove-like. No other desk can have it.

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in Indiana provided for a licensing tax starting with $3.00 for a single store, and increasing with the number in a chain until chains with more than 20 stores would have paid $25 per store. The Standard Grocery Company which fought the legislation showed that it would have had to pay $5,443 annually, against $3 for a single store even if this store was big enough to cover a block. The law was beaten in the Federal courts. A somewhat similar law passed in Georgia was killed by injunction proceedings. North Carolina passed a law in 1928 which was declared unconstitutional. Another was passed last year which has been brought into court. The lower tribunal decided against the chains, which have appealed. In 1928 South Carolina passed a law which was beaten. Pennsylvania tried a statute which required that the ownership of drug stores be confined to licensed pharmacists, the rule applying even to stockholders. The United States Supreme Court declared the measure unconstitutional.

It is these defeats in the courts that called forth the Jones bill which proposed arbitrarily to put chain legislation in the hands of the states. This congressman has raised the ancient cry against the fiends of Wall Street.

Textiles ► **Fabric Footwear Opens New Market**

SHOE manufacturers are featuring fabric footwear for 1930 and the textile industry is interested and pleased. While production of footwear is increasing by about 1% a year, the fabric group is forging ahead at the rate of 14%. One large shoe fabric concern in New York reports a 100% advance in business in the last 5 years. Consumption now totals more than 3,500,000 pairs annually.

Women, it seems, are taking to fabric footwear. Naturally, since there is a large profit in the business for both manufacturer and retailer, the shoe people are encouraging them. A high-style fabric can be bought for one-half the cost of leather, and cuts to better advantage with less waste. The pajama fad has tremendously increased the consumption of fabric footwear. The fashionably garbed woman of 1930 can—if she will—wear pajamas around the house from morning to night, and for each costume there is a complementing fabric slipper. Fabrics for the house slipper, in the order of their predicted importance for 1930, are: Crêpes, moires, plain satins, brocades (including paisleys), velvets. Silk prints for shoes, in keeping the dress print vogue, are to be featured.

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says:—

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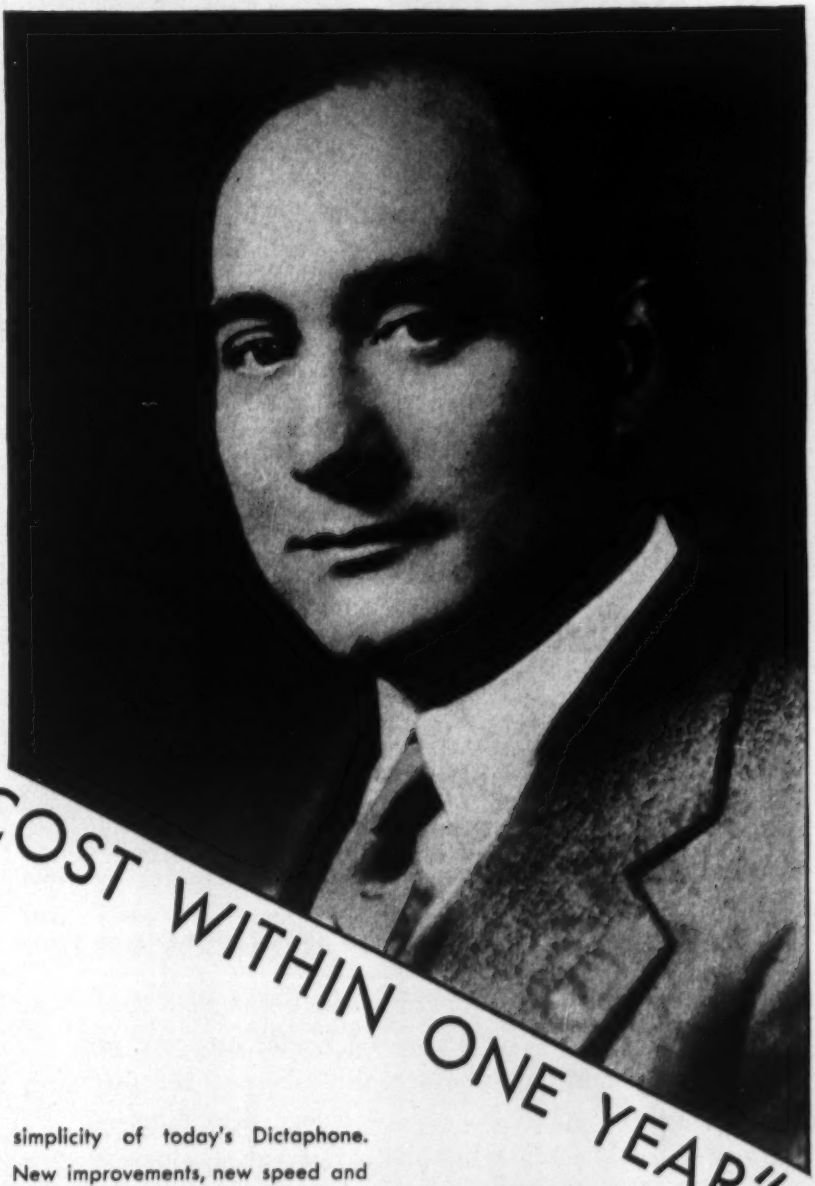

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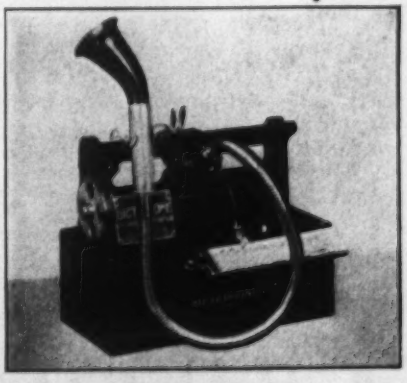

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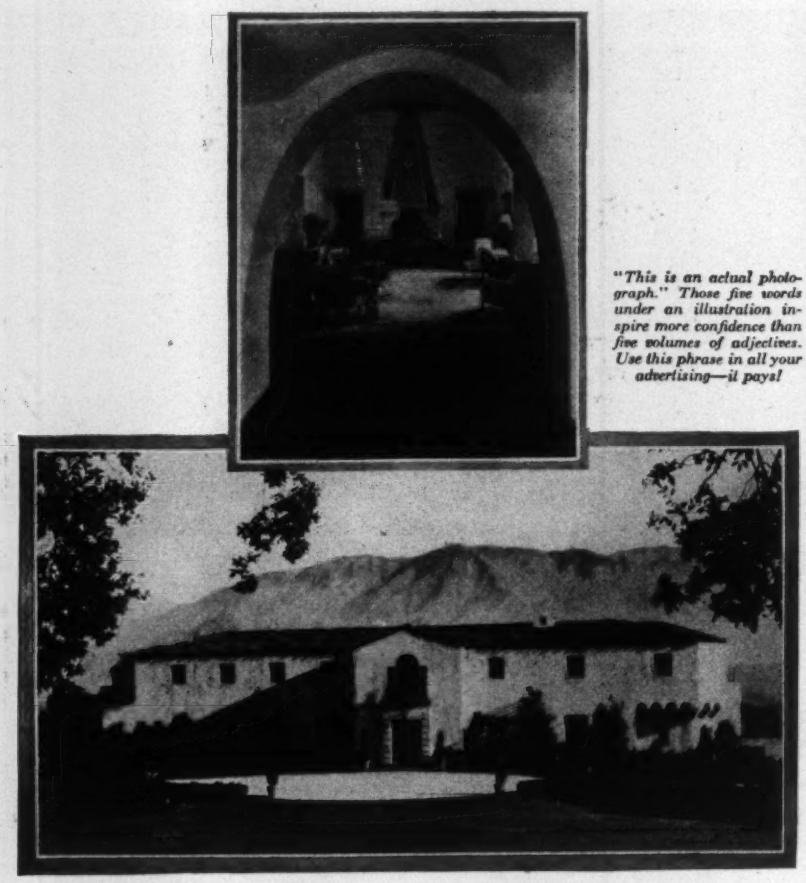

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tell the Truth

Marshall Field Put "Men" First

TO those who build business to endure, the story of Marshall Field is significant. Dead for a quarter of a century, his policies are the policies of the firm today. The recent offering of common stock to the public is one of the few deviations from them.

If there is any one-word key to Marshall Field's success it is "Men". Never did one man train more outstanding mercantile leaders. Harry G. Selfridge, John G. Shedd, James Simpson and the new president of Marshall Field & Company, John McKinlay, are some of them.

One of the first things he did, when, at the age 30, he became head of Field, Leiter & Company in 1864, was to establish acquaintance with every one in his employ. He watched and studied them all, tried to fit them into positions which suited and to train them for wider responsibilities. He never lost this personal contact.

With Yankee shrewdness, Marshall Field made his store a one-price institution. He granted credit but insisted on prompt payment. He considered the convenience of customers, permitted goods to go to them on approval, insisted that disputes be adjusted to their satisfaction. His great contribution to retailing was his development of a store in which it was a joy for a woman to buy. From a volume of $12 millions in 1870, the business grew to just under $180 millions in 1929.

The elder J. Pierpont Morgan, a lifelong friend, called Marshall Field's "the keenest financial mind" he had ever known. The two had met when Field, still in his teens, was working in Deacon Davis' store in Pittsfield, Mass. The father of "J. P." brought his son along on a call to transact some business with the deacon. Young Marshall was assigned to entertain young J. Pierpont.

Marshall Field's will put the bulk of his estate in trust for Marshall 3d and Henry, sons of his own dead son, until Marshall 3d reached 50. The latter will be 37 this fall. The death of his brother has left him sole heir. The trust has run 24 years, has 13 to go. Money compounded at 6% doubles every 12 years.

The estate of Marshall Field has extensive holdings in real estate, bonds, bank stocks and miscellaneous securities. The late Arthur B. Jones and Chauncey Keep were, for many years, operating trustees. George Richardson, right-hand man to Mr. Keep, succeeded him on his death last August.

Company Stocks Ride a Bull Market

Ewing Galloway

Employee Shareholders Who Found That They Couldn't Lose—Even in the Big Crash Last October—Are Coming Back for More

BUSINESS men who have been saying that the market crash of last fall inevitably put a blight on the 1930 crop of employee security-ownership plans will have to revise their opinions. Before 1930 has gotten well started comes the news that General Motors has set up a new securities company to sell to its junior executives 1,375,000 shares of the stock that has made 80 senior executives independently wealthy; that Bethlehem is launching a new edition of the stock-purchase plan that attracted 42,000 of its employees last year; that General Electric's eighth annual offering of bonds in its Employees Securities Corporation has met with the largest subscription on the company records.

Company stock still looks good to employees despite the undeniable though somewhat exaggerated losses suffered by some stockholding employees in some concerns last October. It looks particularly good where they can buy it at a price substantially below the market level and where employers follow the practice of paying bonuses to employees as long as they hold securities. And the fact is that most programs of distributing stocks among employees have been so advantageous that a survey by the Industrial Relations Sections of Princeton University finds that if all stock-owning employees had unloaded their holdings at the bottom of last October's market, only a few would have suffered substantial losses, while a large proportion would have realized a profit on the transaction. And this survey covered 20 large industrial concerns with over 500,000 employees investing nearly $600 millions in their companies' securities ranging from highly speculative to ultra-conservative issues.

EMPLOYEE stock ownership has had a checkered career. As long ago as 1905, the United States Steel Corporation began offering stock for sale to its employees. The greatest expansion of its use has occurred since the war. But, although hundreds of industrial concerns have inaugurated employee ownership plans, there still remain skeptics—who, however, have more doubts about the way various plans are operated than about the philosophy of employee stock ownership itself.

Their school of thought believes that safety is the prime factor in the investment of employee savings. The employee has limited resources; he can ill afford to take chances with his hard-won dollars. From this, follows the argument that employee stock ownership should be made a vital part of the thrift program; should be correlated with the industrial pension plan, life insurance, savings bank and building and loan deposits; should have as its sole goal aiding the employee to obtain a competence for his old age.

Granting the importance of thrift, there are many other factors which interest employers and which, rightly or wrongly, have apparently been given more consideration in certain cases than security. These advantages to the company which may be obtained, to some extent at least, by a properly conducted stock ownership plan include: Reduction of labor turnover; promotion of employee interest in the company's business; raising of employee morale; attraction of a better class of employees; creation of a backfire against economic radicalism; securing of a wider distribution of company stock; development of new sources of capital.

IF thrift were always considered the most important factor there would be more plans similar to those employed by General Electric Company and Dodge Manufacturing Company. By these plans, employees buy stock in what is virtually an investment trust, which permits considerable diversification of their investments. Among the concerns investigated in the Princeton survey, 12 offer common stock to their employees, 7 offer preferred, 1 offers debenture and 1 capital stock.

Since there has been no apparent effort on the part of these companies to provide a type of stock in which the speculative element has been reduced to meet the particular needs of employees it is particularly interesting to learn that, even during 1929, losses to employee stockowners were small.

In 4 of the companies surveyed stock was sold to employees throughout 1929—and before—at prices below any ever reached in the market. With the crash in October, these employees might have wept over paper losses but there never was a time when they could not have sold their holdings in the market for more than they had paid for them. Three of these stock issues were common; the fourth was preferred. All were sold to employees at such low prices that violent fluctuations during 1929—amounting to $120 for two of the issues—did not bring the market price below what employees had paid. In addition, holders of the preferred stock issue received an annual bonus of $2 per share for five years while they retained the stock.

Four other companies sold stock to employees at the market price. With the wide fluctuations of 1929 there was ample opportunity for employees to lose money if they developed a sudden need for cash. To take the worst possible example—that the stock was purchased at the highest point in 1929 and had to be sold at the very bottom—losses per share of $60, $37, $31 and $22 would have been suffered. Again, in this group were three common stock issues and one preferred. There were no bonuses to dull the pain of falling prices. Employees of these four companies may not be so enthusiastic for stock ownership as they have been.

EMPHASIS should be placed here upon the essential relation of the speculative possibilities of a stock to the plan under which it is offered. In the first group cited there were two stocks with a price differential of $120 between

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ONLY "ELLIOTT" STENCILS can give you the important advantage of *perfect legibility at first glance.*

In addition, the Elliott System insures a *400% speed advantage* over former systems. "ELLIOTT" makes the only AUTOMATIC ENVELOPE-FEED Addresser sold at a popular price, within easy means of everyone. *It prints 125 different addresses per MINUTE!*

Proof of the superior desirability of the "ELLIOTT" System is significantly evidenced by the fact that a very large proportion of "ELLIOTT" sales are made to business concerns, banks, stores, lodges, churches, etc., that already own addressing machines of other make.

"ELLIOTT" one-piece all-fibre Address Cards are stencilled on a typewriter. Addresses are POSITIVE—always readable without addition of extra identifying parts.

CLIP and MAIL this COUPON

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Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

the 1929 high and low—certainly not what one would consider stable conservative investments. Yet employee-owners of these issues never were placed in a position where they could have lost money on their investment. On the other hand, in the second group were fairly conservative stocks—$22 and $31 price differential between high and low—yet employee-owners might have lost, and, in many cases, probably did lose large amounts of money on their investments.

In the remainder of the concerns surveyed stock was sold to employees at below market prices, but the October slump brought all of their securities below the highest price paid by employees. On one of these issues there was a possible paper loss of $57; that is, lowest market quotation for the year was $57 below the highest price paid by employees. For all others, the maximum paper loss ranged from $5 to $24 per share.

Of these 11 stock issues, 5 were preferred and 6 common. Three of the companies issuing common offered bonuses to employee-owners amounting to 50% of the employee-deposits. In these instances, the maximum possible losses of $5, $11 and $16 were more than made up by the company bonus. Another common stock in this group received a bonus of $3 a share for the first year which was increased $1 per share per year until, at the end of the seventh year, the bonus totaled $7 per share. A fifth common stock received a bonus of $4 per share per year.

Thus the owners of only one of the common stocks in this group failed to receive bonuses large enough to offset any possible losses they might have suffered through depressed prices. This one stock, which received no compensating bonus, was, as luck would have it, the worst-treated of all; it had a maximum drop of $57 between employee high and market low.

For owners of the 5 remaining preferred stock issues the maximum possible losses during 1929 ranged from $4 to $12.50 per share. In each case, a bonus was paid ranging from 25% of the employee-owners' deposits down to $1 per year per share. Evidently, employee stockowners in this group could have lost very little by the most foolish manipulation of their security holdings.

▼

LARGE-SCALE working of Russia's peat bogs by hydraulic pressure is contemplated by the Soviet Government. By 1933 a production of over 18,000,000 tons a year is anticipated from these bogs which contain 72% of the world's peat resources.

Crash of Oil Prices Sounds Like War

TO the man in the automobile comes the happy possibility of a gasoline price war. Too much crude is being pumped from the earth. Capacity and production of refineries have outstripped the increase in motor cars. The petroleum industry, which had become fairly stable and friendly has some fear of a return to the old days that were not good—when it was every man for himself and the Standard take the hindmost.

As yet price skirmishes have been local. But such moves are infectious. Easy to start, hard to stop. "To meet competition of independent dealers" the Standard of New York Wednesday cut the price of gas 1 cent a gallon for the district about the metropolis. Immediately Warner-Quinlan and Municipal Service Stations countered with a cut 1 cent below the new Standard price —to 13.3 cents a gallon, excluding tax. Standard of New Jersey and the Export Petroleum Association also reduced the price of export motor fuel ½ cent a gallon. Shell, Standard's ancient rival, has made no provocative move, contenting itself with meeting the new prices of its competitors.

As usual the cry is that "the Standard started it." Early in January the Standard of New Jersey, and later the Standard of New York, announced a radical change in the fixing of wholesale gasoline prices. Previously this was a flat price for any given territory, with transportation cost averaged so that the figure was uniform regardless of the location of the buyer in that district.

The revised policy based the price on the cargo market at the seaboard, to which were added a differential and the actual cost of freight to each selling point. Thus towns inland now pay more for gas because it costs more to haul it there from the docks. Communities near salt water pay less.

Loud was the protest from competitors. They said it was just another trick of Standard. It was alleged to be a price cut under another name. For it was demonstrable that the seaboard cities benefited most by the change. These communities were more populous and therefore the greatest consumers of gasoline. While continuing to protest, the competing companies brought their prices in line.

It did not take long for vibrations to be felt in the producing fields. January 15 the Humble Oil and Refining Company, Standard subsidiary, cut the price for Texas light crude. The reduction was 25 to 41 cents a barrel. It also cut the price of coastal crude 25 cents per barrel. Next day the Carter Oil Company, another of the Standard family, slashed the posted price of mid-continent crude 19 to 41 cents a barrel; the new schedule fixed the price at 66 cents and $1.44 a barrel according to the gravity.

Underwood & Underwood

HATES TO CUT

But Harry Sinclair yields at last

W. S. Farish, president of Humble, stated blandly that declining prices for gasoline because of over-refining made it impossible to sustain old prices for crude.

IN other days a move like this would have started talk of physical violence. But the crude oil men have changed with the times. They took the cut stoically. Maybe they knew it had to come.

Mass meetings were held at Tulsa, Fort Worth and Dallas. Resolutions of the Tulsa meeting asked the Carter Company to reconsider. The Dallas gathering sent a delegation to see Mr. Farish.

The cuts were received with less equanimity by rival companies. At about this time Harry Sinclair, chairman of the board of the Sinclair Consolidated Oil Corporation, was on a western trip with no telling what audacious plans under his famous soft hat. There had been rumors of a merger of Sinclair with the Prairie Oil and Gas Company. Sinclair was accompanied by W. S. Fitzpatrick, chairman of the Prairie board. They were looking over the properties of the Rio Grande Oil Company in the Southwest.

It is likely that the Standard cuts in crude prices spoiled whatever dish Sinclair had on the fire. Neither he nor Prairie met the cuts immediately. Both companies are tremendous buyers but they could not take all the crude that would have been offered if they kept up their prices. So finally Sinclair and Prairie met the reductions. In doing so Sinclair protested he did not believe the situation demanded it but competition left him no choice. K. R. Kingsbury, president of the Standard of California, also declared he did not think the Humble and Carter cuts justified. No action has been taken in the California fields.

Those opposing the Standard cuts regretted that drastic curtailment put into effect by the industry had failed to maintain a price for crude considered sufficient for profitable operation of wells. For answer the Standard points to the figures. More oil was produced in '29 than in '28. More remains in storage above ground. More gasoline was refined. And a greater surplus remains unsold.

Latest figures of the American Petroleum Institute reveal: In 1929 U. S. refineries ran 987,708,000 barrels of crude; in 1928 they ran 913,295,000. Stocks of crude oil held in storage totaled at the end of last year 533,480,000 barrels; at the end of '28, 485,401,000. Gasoline production in 1929 was 434,241,000 barrels, against 376,945,000 in 1928; gasoline stocks at the end of last year were 43,115,000, against 33,066,000 barrels at the end of '28.

Naturally gasoline prices became wabbly toward the end of last year. The fact that the market stood up so well earlier was attributed to 13.22% increase in consumption over 1928.

During the present period of unrest meetings have been held by the royalty interests—that is, people and companies drawing royalties on oil as it comes from the wells. The demand for a tariff on crude was very active throughout Oklahoma and Texas. Wirt Franklin, Oklahoma oil operator, came up to Washington and told President Hoover about the oil ailments.

Even if they could get it, a tariff probably wouldn't help. Last year only 78,914,000 barrels of crude came in, principally from Mexico, Venezuela, Colombia, Peru. This is the output of a single sizeable pool in the United States.

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The ample rear compartment of the two-door Sedan may be used for luggage or sample cases.

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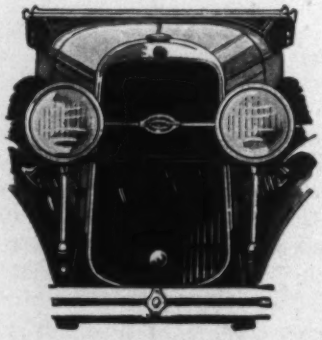
The high-pressure oiling system forces oil to all main, connecting rod, and camshaft bearings—and to the piston pins through rifle-drilled connecting rods, a typical fine car engineering feature. The crankcase is double ribbed to assure rigidity and permanent bearing alignment. The heat-treated high carbon steel crankshaft is dynamically and statically balanced. And the whole engine rides on rubber mountings of special design.



Efficient cooling at all times is assured and the radiator is protected by vertical shutters which extend to the top of the shell. A motor driven fuel pump supplies gasoline to the carburetor which is protected by gasoline strainer and sediment cup.

All these provisions for long life and steady performance are unusual in a car of Oldsmobile's price. Yet they are only a few of the reasons why Oldsmobile deserves such careful consideration on the part of concerns whose field forces are equipped with automobiles. Oldsmobile's frame with its five cross members is remarkably sturdy. The brakes are long lived, smooth, and positive in action. Four Lovejoy hydraulic shock absorbers

not only assure supreme comfort for the driver, but protect the entire upper structure of the car from unwarranted shocks and strains.

No less rugged and substantial than Oldsmobile's chassis are Oldsmobile bodies. Designed and built by Fisher, they incorporate the most enduring construction known to the body builder's art—a combination of selected hardwood and steel, rigidly braced and liberally insulated with fabric to prevent possible squeaks and rattles. Distinctively smart in appearance, exceptionally roomy, handsomely upholstered in long wearing materials, and providing such advancements as the VV windshield and adjustable driver's seat—Oldsmobile bodies offer two further factors of intense practical value in a business car. They contribute to gratifying comfort which brings your representative to his destination refreshed and mentally alert; and they possess, to an unusual degree, the smart appearance which in a business car builds business prestige.

Investigate Oldsmobile today as a business car. Compare its value. Judge it on the basis of its ability to contribute to the increased efficiency of your field force—and you, like others all over America, will see the economy of buying Oldsmobile.

OLDS MOTOR WORKS, LANSING, MICHIGAN

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Prices f. o. b. factory, Lansing, Michigan. Spare Tire and Bumpers Extra.

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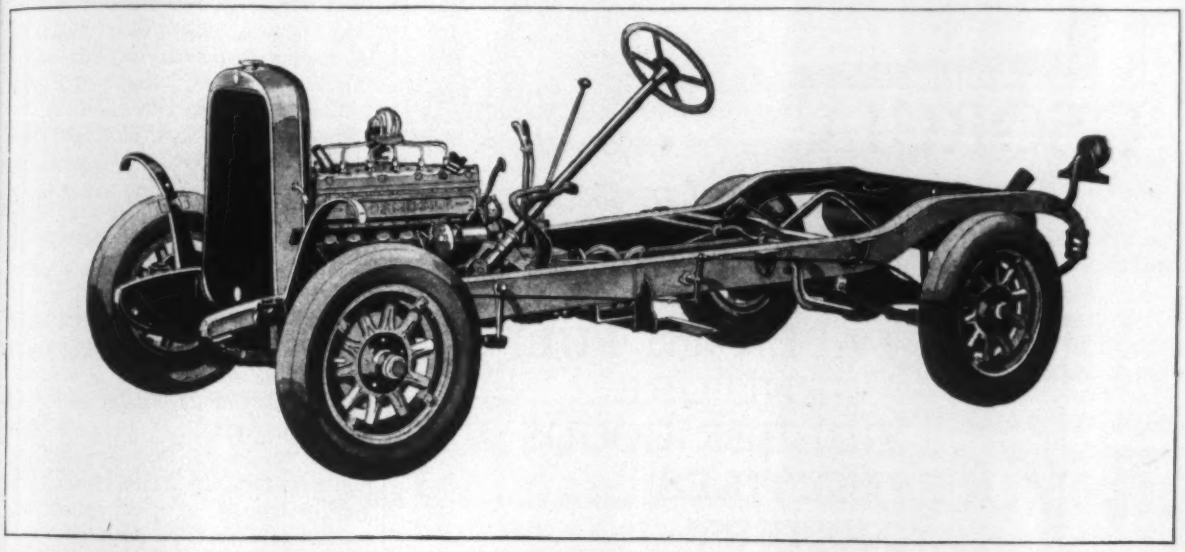
Consider the delivered price as well as the list price when comparing automobile values. Oldsmobile delivered prices include only reasonable charges for delivery and financing.



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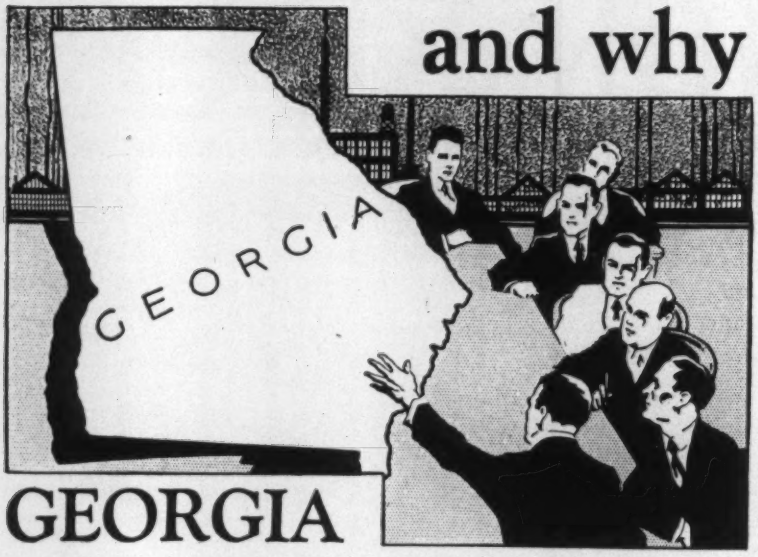
The CAR FOR BUSINESS

PRODUCT OF GENERAL MOTORS

Let us Point out where and why



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GEORGIA POWER COMPANY

INDUSTRY PROSPERS IN GEORGIA

Mill Villages—There's a Reason

SOMETIMES there are extenuating circumstances surrounding the payment of low wages to Southern mill workers. Consider the mill village.

Mill villages are ubiquitous throughout southern textile manufacturing centers. They are owned by the mill and rented to employees. They have been attacked on the score that they degrade and enslave workers. Mills are usually located in rural districts where there are no housing facilities, so that the employers must provide houses if they are to get and hold workers. The question is whether they should be owned by the employer or by the employees.

Hoping to rid itself of the financial and managerial responsibility of building, renting, maintaining houses, the Proximity Manufacturing Company of Greensboro, N. C., instituted a home-selling plan some two years ago. Ten 5-room cottages were built to be sold for $3,000; $300 initial payment and monthly charges, starting at $28.50, this amount being reduced as principal of the debt was reduced.

For two years, the houses remained vacant. Only one was ever sold and that on a basis of $100 down, $25 a month for three years, $15 per month thereafter. The remaining 9 houses were made a part of the regular mill village and were rented.

The reason why the plan failed? Adjacent to these houses the company built others equally as good which were rented to workers on the usual basis of $1.35 per week; monthly rental of a five-room house, including light and water, amounting to $5.85. Obviously there was no real choice between owning a home at a monthly cost of $25 and renting as good a dwelling for less than $6 a month.

The company planned to make a little profit on the houses to be sold. They cost $2,500; were to be sold for $3,000. Even neglecting this factor, actual carrying charges would have been about $20 a month on the same houses that employees rent for $6. To a considerable extent, the difference between these two figures represents an indirect wage.

While there is no doubt that some Southern mill owners have used mill villages as a means for controlling labor, the semi-rural nature of the industry, the roving disposition of the workers, their general poverty all tend to make home ownership impossible.

Should the Reserve Lower the Bars?

Instalment paper, state and municipal bonds, high grade securities, all have their sponsors for admission to the rediscount list

SHOULD it be easier for banks to borrow—and, therefore, to lend—money?

Is it necessary for ultra-conservative banking to recognize and use methods which, a few years ago, were considered questionable?

These are the questions involved in the present agitation for a broadening of Federal Reserve discount eligibility requirements. One large group answers "Yes," to both questions. It includes instalment sellers, securities dealers and many bankers. Another says, "No."

The Federal Reserve system holds the reserves of the country's banks. It is so designed that banks may borrow from it in times of stress and unusually large demand for credit. It serves as a reservoir for funds. Very definite restrictions are set up as to the method of withdrawal from this reservoir. Only the member banks can do it, and they only in certain ways.

Loan paper for a current transaction of business, industry or agriculture maturing within 90 days can be discounted; that is, the Reserve bank will advance money on this paper to the member bank at the regular discount rate. The paper must be self-liquidating. Or the bank may borrow on its own note, secured by commercial paper or United States government securities.

NOW the question arises as to whether there shouldn't be other ways. Secretary Mellon is busy reducing the public debt, thus doing away with government securities. He has reduced the total $9 billions in 9 years. More than $16 billions of government securities are still outstanding, but, at the present rate of reduction, the day is coming when there won't be enough "governments" for the banks to use in borrowing.

Commercial paper also is decreasing in volume. Business of all kinds has been consolidating for years. Then, too, it has been issuing stocks and bonds instead of borrowing from the banks and thus creating eligible commercial paper. Commercial paper in the open market

Ewing Galloway

33 LIBERTY ST.

The Federal Reserve Bank of New York. No lens can frame its bulk, no sunlight warm its door, so narrow is the canyon which it faces

has declined from the more than $1,000 millions of a few years ago to about $300 millions today. The volume in the banks has decreased correspondingly. Banks are lending more and more on securities, but these loans are not discountable under the regulations. On the other side, certain businesses want to be able to borrow more readily. Chief among these is instalment selling, financing of which is a business all in itself. About $8 billions of sales a year are made in that way with little loss. Loans made in the regularly organized instalment business are as safe as any other type of loan.

SECURITIES dealers and traders want loans on securities made eligible. But they talked louder and got more of a hearing before the crash. Dealers in municipal and state securities want loans on their instruments made discountable. Other people want other things.

If the banks can take a note to the Federal Reserve and get money for it they will lend more freely. When the bank must carry that loan itself, it shows greater hesitancy in making it.

Instalment people are most insistent on recognition. They point out, in support of their claim for a place in the sun, that 75% of all automobiles are sold on instalment, 80% of our phonographs, 75% of our washing machines, 65% of our vacuum cleaners, 50% of our pianos, sewing machines, radios and electric refrigerators and 25% of our jewelry—to say nothing of many other articles. It is estimated that 15% of all commodity sales are made on the instalment plan. Of the $8 billions annually which this amounts to, an eighth to a fourth is financed through regular finance companies. These issue their own securities and borrow from banks to do it.

THE decline in volume of commercial paper and government securities has brought about a shortage of about $2,800 millions in commercial paper, according to some estimates. The instalment people say that making their paper eligible would fill much of this void. The quality of this type of loan they, with many others, hold to be above reproach, very definitely commercial and self-liquidating within the intentions of the Federal Reserve act. That is their case. C. O. Hanch, representing the companies, told President Hoover's National Survey Conference early in December:

"We predict that next year's business for finance companies, while safe and reasonably satisfactory, will be in substantially diminished volume as compared with that of 1929, unless the banks adopt a more liberal attitude toward finance company loans. This means that consumer credit, and, therefore, mass consumption and mass production, will be restricted, and as a consequence, general prosperity will be in more moderate measure than otherwise might be expected."

The case for industrial bonds and stocks and state and municipal securities requires less exposition. Federal securities have the advantage of eligibility, granted in emergency efforts to finance the World War. State securities do not. Municipal warrants in anticipation of tax returns can be bought by the Reserve, but that is of little value. All business and industry has turned to securities for much of its financing.

The actual chances of widespread

COSTS
CAN BE REDUCED

"Increase in net profits must be found somewhere between the receiving room and the shipping platform. Cut manufacturing costs and use the savings for selling."

This line of thought has influenced many manufacturers to use pressed steel. In one instance a 24.5 pound part was reduced to 8.5 pounds and this 65.3 per cent weight reduction was actually translated into 30 per cent production savings. Strength was increased, breakage eliminated, no machining required.

In the new book, "Adventures in Redesign," shown above, there are eighteen FACT stories, showing how YPS Redevelopment Engineers have helped make similar reductions in production costs for manufacturers in different industries.

This book is FREE and it tells how you can use this redevelopment service without the expenditure of a single dollar—without the slightest obligation. Pin the coupon to your business letterhead.

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change in the near future are small despite all of these arguments. Many say the Reserve Board could change its own requirements. The Board does not think so. Congress must make the change.

Furthermore, the problem is not so urgent as many proponents of change assert. Member banks now have about $8 billions of eligible paper. "The Reserve system would be turning handsprings if they tried to discount any large part of it," one Reserve official told THE BUSINESS WEEK. Actual borrowings are now under $400 millions, although they have been above $1,000 millions in the last 15 months. About half of the eligible total is in government securities, the rest in eligible paper.

The Federal Reserve is a staunch friend of the banker's acceptance. This bill answers all requirements of eligibility. Present volume is above $1,600 millions—more than $400 millions above a year ago. Development of the usage of this one type of paper will solve the problem of an adequate supply of paper for a long time to come. Many untried uses exist for it at present.

CONSIDERATION is being given another form of central bank usage —the Lombard loan. Gov. W. P. G. Harding of the Reserve Bank at Boston and formerly of the Reserve Board at Washington, has suggested it. Others like the idea. This would permit the Reserve to make advances to the banks on loans secured by high-grade industrial bonds and other securities. Rates would be above the regular discount rate for commercial business and the Reserve would be able to refuse the loan. This type of loan is used widely in England.

Extension of the legal 15-day loan to member banks on bulk paper is also favored in some circles. Extending this to 90 days with bulk instead of specific collateral of commercial paper would make the banks' relations with the Federal Reserve of the same type as those maintained with correspondent banks.

Bankers generally are discussing the problem. The National Association of Finance Companies has a committee at work to further its interests.

At present, instalment paper does not seem to have enough friends among bankers to give it much chance of being eligible. Many banks are lending to finance companies, but the prejudice has not yet been removed.

More thought is being given to the Lombard loan or something similar to it. But this, too, is undoubtedly destined to opposition in Congress and elsewhere.

The Gas Engine Is Coming Back Behind the Pipe Lines

THE gas engine has become economical again. This has not been brought about by any increase in thermal efficiency, but by the tapping of almost limitless natural gas fields, and the construction of a vast network of pipe lines.

In California, the state now refuses to permit drilling oil wells unless the gas content can be disposed of. This forces the oil producer to sell the gas cheap enough to justify pipe lines to San Francisco and other cities, and straight natural gas was turned into the mains of that city by the Pacific Gas & Electric Company this week.

From the Amarillo, Texas, field lines lead to Denver and intermediate cities. Gas is made available in El Paso, Texas, from the west Texas field, while central Texas and Oklahoma are covered by a network of feeder lines, with main lines reaching downward to the Gulf Coast and northward into Kansas with a projected extension to Nebraska.

From the Monroe, La., field, the gas that for years was extravagantly wasted in making lamp black now flows to New Orleans, Memphis and St. Louis and eastward to Atlanta, Ga. In Indiana, Ohio and Pennsylvania hundreds of feeder lines deliver to main lines leading to principal cities. The Columbia Gas and Electric Corporation announced completion this week of lines through northwestern Pennsylvania and across New York State to the outskirts of Jersey City, N. J., on the north, and from West Virginia across southern Pennsylvania to Philadelphia. The lines are being held in readiness to supply Philadelphia and Jersey City territories as soon as contracts are made with distributors.

Primarily all these lines are intended to supply household fuel, but, in order to write off the investment at the earliest opportunity, the gas is being sold for industrial heating and boiler use. To make gas competitive with coal and oil for boiler use, the price must be low. Consequently, one encounters rates varying from 5 cents per 1,000 cubic feet, where the buyer is located close to the field and uses a large amount, up to $1. At the latter price, cost of gas is equal to coal at $14 a ton. In the soft-coal sections of the country, coal is obtainable at from $1 to $2.50 a ton at the mines, which freight rates will raise to a delivered price of from $2 to $6. To compete with $2 coal, boiler gas must sell for about 9 cents per 1,000 cubic feet, and at 25 cents to compete with $6 coal. Apparently gas cannot be carried any great distance and compete with coal except for such purposes as domestic heating, industrial furnaces and steam boilers where advantages outweigh the price differential. On the other hand, a user of power can afford to burn the gas in an engine as it employs fuel more efficiently than does a steam plant.

Due to the use of gas engines in the oil fields for gasoline recovery compression plants, progress in design has not ceased. The gas engine suffered a lapse in popularity when the supply of natural gas and produce gas diminished. Engine builders claim they are prepared to safeguard a gas-engine purchaser against any such contingency in the future, because they are making engines which will burn gas as long as it is available and can then be adapted to fuel oil.

Copper Moving into Import Class

THAT the United States may become an importer of copper rather than an exporter, consuming, for the first time, more than is produced in its own mines, is indicated in studies completed by *Engineering and Mining Journal*.

Last June exports of copper from the United States dropped below imports; in the third quarter of the year the average monthly consumption of the country was a little more than 4,000 tons over production and in the final quarter the monthly deficiency was 5,000 tons.

Reasons: The proportionately greater increase in consumption in this country and the comparatively large curtailment made in mine production in the United States in an effort to adjust supplies to dwindling consumptive needs in the second half of 1929. Both of these factors may prove to be temporary, especially the latter. But at some time in the next decade, with the copper mines now being developed in other countries, especially in Northern Rhodesia, the United States may permanently become an importer rather than an exporter.

The current surplus of imports has come at a time when copper is selling at a price satisfactory to producers and politicians alike, so it has occasioned no complaint. But should foreign copper flood into the country when prices are low, efforts would be made immediately to secure tariff protection.

The fact that this Company sold 40 per cent more gas for industrial purposes in 1929 than in 1928 is further proof of the tremendous progress being made in new and increased uses for this flexible fuel among Northern Illinois industries.

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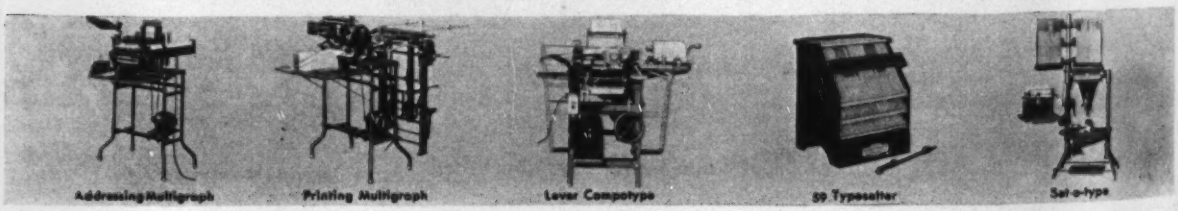

The "Whys" Man of B. & O.

Daniel Willard has opened the doors to business success and national fame with a one-word key that's still working

THE B. & O. gets into the news almost every day. It was news this week when the company withdrew its year-old merger petition calling for a fourth trunk line in the East. It was news last week when the papers announced that B. & O. was "the first railroad to indicate acceptance of the Interstate Commerce Commission's consolidation plan." It was news a few weeks ago when 1,600 representatives of labor unions and brotherhoods gave a dinner to help Daniel Willard celebrate his twentieth anniversary as president of the road, and to talk about the success of his "B. & O. Plan" of industrial democracy. It is news most of the time because Daniel Willard has the habit of doing and saying things that make news because he does and says them first.

If the reason why "Uncle Daniel" occupies the unique position he does in American industrial life had to be given in one word, the word "why" would probably do it. It is his use of that word, more than any other characteristic, that has carried the Vermont farm boy, turned railroad man in 1879, to his present place and his present fame.

HE left the farm for the railroad, he explains, because "any job looked good which so evidently permitted doing what no farm boy at that time appeared free to do—namely, to sit down." Judging from what he has done since his change, he must have been disappointed even with railway chairs. More probably he has kept at his erect and rapid, springy gait and away from sitting down by the one word that constantly drives him. Tell him that in your opinion the situation is so and so, and you can be quite certain that his response will be "Why? What makes you think so?" Assure him that the reason is that your experience has been such and such, and the chances are more than fair that it will merely bring another "Why?"—until you have placed every bit of available evidence and conviction upon the table—with the satisfaction of knowing, a moment later, that every shred of it is given the penetrating consideration of a mind intellectually acute, emotionally balanced, and above all, emotionally and intellectually honest.

That everlasting "Why?" puts him, of course, into the better of those two classes into which all executives can be divided—those who listen and those who don't. This listening, in combination with his constant looking—he seldom stops—serves, of course, to keep his organization on its toes.

Keystone

"When the underground telegraph," the local agent explains, "tells us that Uncle Daniel is out on an inspection tour and heading our way, we know it's hardly worth while to clean up the ground floor: he'll take that for granted. What we get busy with is what he'll make a bee-line for—the cellar or the attic!"

THAT same universal curiosity makes him carry everywhere with him the most fundamental books of the month, but neither these nor his 68 years prevent his numerous days on the line from making the local officials thankful for the few hours of sleep allotted before they rise—to find him waiting for them.

Nor do such strenuous days keep him from enjoying a healthy sense of humor behind a piercing, albeit on occasion, twinkling, eye; though his loyalty to the job does keep him from back-slapping and glad-handing his associates or subordinates. As to soliciting business on a personal basis, his answer is that he wants his company's claim to business based upon the quality of its service and he sees it as his job to make sure that this service is that of an interested, kindly, and efficient neighbor to everybody along its 5,000-odd miles of track.

Such service would of course be impossible without the interested cooperation of the road's 70,000 men and women. Probably this, in turn, would be unobtainable except for that everlasting "Why?" For the result of the judgment based upon the information this query brings him is seen to be so wise and so fair that every mother's son—and daughter—comes to trust Uncle Daniel and to take delight in helping him deliver.

"When the Capitol Limited begins to get a few minutes late," baggage-rustling George explains, "every man on the road begins to pray, seems like—till she just nachelly *has* to come in on time!"

So his ubiquitous "Why?" gives the why of that Baltimore dinner. Certainly it is something new in industrial history when 1,600 representatives of some eighteen brotherhoods and unions crowd into a hall in order to celebrate the twentieth anniversary of their Big Boss's job while telling him how much they admire and love him.

BUT if you turned the tables and asked him for his own private "Why?" of this amazing party, he'd pretty surely say that if it had any justification at all—which his hard-headed knowledge of his own short-comings would make him altogether question—it would be simply because they all had confidence in the fairness of each other.

And if another leaf was taken from his book and this question was followed up with still another "Why?", he'd probably explain his belief that men who work together are always likely to get to trusting to each other's fairness.

Why?—Well, perhaps you can find him in his office of a Saturday afternoon—he doesn't play golf; or maybe ride with him in his private car at the end of the train and there, in between the almost continuous, friendly wavings of his hand to every pausing comrade of a switchman or whizzing engine-driver or flag-man—and after you've had him tell you the story about Section-hand Nick and his "Me feexa da joint!—" ask him yourself!

A concise survey of today's economic situation

Here, in simplified form, is a survey of the economic conditions under which the American people live today. It is based upon the significant findings of the Committee on Recent Economic Changes in the United States.

AN AUDIT OF AMERICA

By E. E. HUNT
Secretary of the Committee on Recent Economic Changes

THE aim of this book is to focus attention on the striking changes in our national well-being; to make the significant findings of the Committee on Recent Economic Changes more readily accessible to everyone for information and guidance, and to digest the pivotal facts for the student of affairs.

This book presents clearly the changes in standards of living—in industry—in agriculture—in management—in finance—and in marketing. It emphasizes the tremendous and complicated growth of production—the development of transportation and foreign commerce—the movements of money—and the distribution of national income.

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Wide Reading

To Sell in Britain—Know the British. Hugh Butler. *System*, March. The 4500 American companies selling in Britain through 2200 representative organizations have run annual sales to $1,000,000,000 only by close study of British ways of carrying on business.

Advertising Furnishes Bootstraps for Business Europe. Darwin L. Teilhet. *Advertising and Selling*, February 19. We have been separated from the rest of the advertising world by barriers of language and lack of interest for so long that we are in high danger of complacently assuring ourselves that we no longer have anything to learn.

What if the Soviet's Machine Gods Fall Down? Whiting Williams. *American Machinist*, February 20. Some worries of the export manager—and of adaptation to a machine age in Russia.

Facts and Figures on the Bus Industry. *Bus Transportation*, February. Annual review and statistical issue.

Airline Rates and Routes. *Air Transportation*, February. Joint tariff passenger fares—express rates and air line schedules for all air transport lines in the U. S. and Canada corrected to January 31.

Is Metal Mining Declining in the United States? *Engineering and Mining Journal*, February 8. Annual review and statistical number covering all metals.

Beauty and the Booster. Earnest Elmo Calkins. *Atlantic*, March. Cities and chambers of commerce cry for more people, more factories, regardless of comfort. Meanwhile the wise are moving to unregarded and beautiful places dedicated to life and not to size. Mr. Calkins argues the moral with force and wit.

Rayon Output and Sales. Douglass G. Woolf. *Textile World*, February 1. Output increased 26%; sales were 97% of production; yearly production by companies.

The Business Paper Grows Up. James H. McGraw. *Scribner's*, March. Personal record by the head of one of the largest industrial publishing houses; development of the technical trade journal.

BOOKS

Economics of Retailing. Paul H. Nystrom. Ronald Press, 2 vols., $10. Vol. I: Retail institutions and trends. A critical analysis of the retail business as the central factor in the modern distribution of goods. Includes historical and foreign material as well as present-day American. Vol. II: Principles of retail store operation. Retail methods described and appraised. Last word in retail distribution and store management.

Credit and Collection Principles and Practice. Albert F. Chapin. McGraw-Hill, 509 pp., $4. Comprehensive text; includes economics of credit, organization of credit department, sources and evaluation of credit information, collection methods.

Labor and Capital in National Politics. Harwood Lawrence Childs. Ohio State University Press, 286 pp., $3. Because of the increasing influence which the U. S. Chamber of Commerce and American Federation of Labor have on governmental activities, author examines practical workings of these two agencies, discusses their representative character, their policy determining technique and political implications. Heavily documented; adequate bibliography and index.

The Passing of Normalcy. Charles W. Wood. Forbes, 309 pp., $3. Survey of Marion, Ohio, to discover influence of new rôle of business since it has replaced the family as dominant institution of society. Thought-provoking, especially for the distributor and advertisers.

Danger Spots in World Population. Warren S. Thompson. Knopf, 343 pp., $3.50. Japan, China, India, Italy—teeming with people cramped economically—bring pressure to bear on the "land opulent." Economic problems tied up with population in three congested areas.

Aviation: Its Commercial and Financial Aspects. Richard Rea Bennett. Ronald Press, 127 pp., $3. Analysis of financial and commercial position and a survey of future trends.

Profitable Retail Advertising. M. E. Tobias. Harper, 276 pp., $4. Chatty style, informal outline, and sensible suggestions for the smaller store.

Chicago: A More Intimate View of Urban Politics. Charles E. Merriam. Macmillan, 305 pp., $3.50. Races, religions, social and economic status, political creeds and moral codes in the central metropolis.

Encyclopaedia of the Social Sciences. Vol. I. Macmillan, $7.50. First of 15 volumes recording complete progress up to present time in various fields including economics, law, statistics. Edited by first-class authorities.

Millions in Mergers. H. A. Toulmin, Jr. Forbes, 323 pp., $3.50. Analysis of types of mergers, characteristics of successful and unsuccessful combinations, legal status, especially where patents are used to effect mergers. Staccato, easy-to-read style.

Public Regulation of Competitive Practices. National Industrial Conference Board, 320 pp., $3. Revision of study first published in 1925; shows federal regulation touching business at many points in competitive methods—price policies, sales promotion policies, trade relations.

Wage Payment Plans That Reduce Production Costs. Edited, Hugo Diemer. McGraw-Hill, 272 pp., $2.50. Review of theory and practice of wage incentive plans. Description of design and operation of 35 plans in use. Valuable for all interested in wage incentives.

Lincoln Library of Essential Information. Frontier Press, 2286 pp., $15.50. Concise, compact encyclopaedia for every-day use.

Cotton Facts. Col. A. B. Shepperson. Shepperson Publishing Co. Fifty-fourth annual handbook of cotton statistics for the world, supplemented with rayon statistics.

Ten Thousand Customers

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THE modern executive who depends on exact information need not wait for it. Sales managers and credit managers can have within arm's length, accurate information on every customer. Employment directors, traffic managers, purchasing agents and others whose decisions depend on the accessibility of a great volume of accurate, detailed information, can have that information at their fingertips. In National Visible Binders ten thousand records can be reached without moving from a desk chair.

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WHAT THE LEADERS SAY

WITH startling force Darwin L. Teilhet, writing in *Advertising and Selling,* puts American advertisers in their place in world advertising:

"This phenomenal growth in European advertising has been so rapid that few of us in the United States have had time to realize that there are hundreds of experienced agencies across the Atlantic which are now able to compete with us, in our own country as well as in Europe, on our own terms.

"We are in the habit of associating 'largest' and 'greatest' in connection with advertising with the United States; yet the largest advertising agency in the world, according to gross revenue, has its home office not in the United States, but in Germany.

"The *Oesterreichische Werkundreklame* has pointed out that our insularity in advertising has tended to make us grow sterile in ideas. It mentioned the revamping of the ancient testimonial advertising and the recent appearance of a highly exaggerated type of 'sucker' copy in the United States as an instance of our paucity of true creative ideas.

"Even if we had the originality and enterprise to develop advertising in the United States to its present high level, is there any reason to assume that there is nothing to be learned outside of our own boundaries?"

▼

NOT all American exports to Europe are considered "the best." Max Fornaes, angered member of the Municipal Board of Frederiksberg, Denmark, denounces United States films: "The American tommyrot which constitutes 90% of all films shown in Denmark, is essentially calculated for Negro tribes and other half wild peoples. Yet our authorities have been persuaded to suppress Russian films, culturally and artistically miles beyond the American!"

▼

INDICATIVE of the determination of French bankers to "bring Paris back," at least as a short term loan center, is this London editorial note:

"In order to foster France's financial aspirations the leading French newspapers have decided to give much more publicity in future to financial questions than has been the case hitherto, with a view to educate public interest in the development of international finance and business relations."

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

DOMESTIC business is restricted, but overseas exports are generally undiminished. Local conditions in England, Holland, and Belgium are relatively steady; in Germany, unsettled; in France, the first signs of slowdown are appearing; in Italy, the situation is indefinite. The usual spring business expansion for Europe as a whole remains overdue, notwithstanding the impetus given by the Young Plan settlement to the relaxation of credit. It is increasingly apparent that this fortuitous easing of credit has averted a business crisis impending at the turn of the year. Business is still as much concerned over the possibility of recession as over the possibility of revival. The situation is considered closely interlocked with world developments, particularly for agricultural raw material values. The larger half of northern European crops, sold at little or no profit this year, are now consumed. Prices have recovered since surplus holdings were absorbed and sale of the balance is an increasingly important factor in determining the degree of the year's general business prosperity. Local protectionary and relief measures are being adopted in virtually every Continental grain-importing country.

Suspension of intercontinental grain movement is causing the lowest post-war ocean rates and a wide tie-up of shipping, but relief is seen with the beginning of Russian timber exports and expected resumption of Canadian grain movement.

Steel cartel continues work of perfecting its new export organization and expects to complete plans by March 1.

British-Dutch association of rubber producers agree to forego usual May rubber tapping. Moral effect of this first agreement between hitherto opposed groups considered of far greater significance than actual moderate restriction originally proposed, which was expected to stabilize the price of rubber at about 20 cents. Membership ratification expected early in March.

By Special Cable to The Business Week

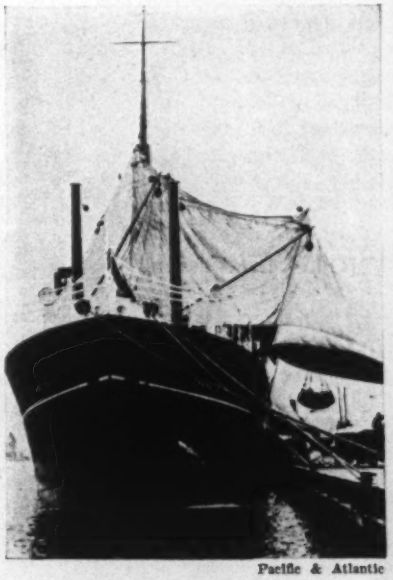
Germany—Business is distinctly unsettled. Unemployment is again above last year's figure and is approaching 3 million. Coal, iron and steel, and railway receipts, along with other indicators, are less favorable. While political bargaining and uncertainty as to what increase in taxes is necessary to cover present deficits continue, business is fearful of new commitments and hesitant fully to avail itself of ample cheaper credit. Maintenance of an even increase in exports is the outstanding bright spot, supplemented by the continued strong position of the Reichsbank.

Berlin continues borrowing to meet deficits. The $11,000,000 one-year subscription loan, issued through local banks, costs nearly 10%, notwithstanding the surrender of utility share collateral of equivalent value. Trend of Big Four banks to absorb and concentrate German financial structure instanced in Banat's acquisition of Berenberg Gosler, world-known Hamburg private foreign trade bank.

Prussian Mortgagebank states that the housing shortage has been relieved except in the largest cities. This opinion should be of importance to American financial participation, past and pending.

American Tank Car Co., with important German-Belgian associates, forms inter-European-Swiss holding company. Pullman and Chase National are represented on board of directors. Report is denied that oil monopoly is proposed as a basis for American loan comparable to Kreuger loan, but the volume of smoke still suggests fire.

Both Courtaulds and AKU abandon plans for extension of rayon plants, reflecting belief that the European industry is already over-extended. Cartelization is probable if French industry unites.



Pacific & Atlantic

MARINE UMBRELLA

The steamer Changte successfully takes aboard a cargo of flour in the rain at Sidney, Australia, using a new device which insured dry handling

Extension of electric wire price agreement into a sales syndicate to be closely allied to equipment manufacturing groups is proposed.

Reichstag is expected to ratify the Young Plan by a two-thirds majority.

By Special Cable to The Business Week

Great Britain—Trends are mixed and none is materially changing the situation. Coal, iron and steel are lower, but there is welcome improvement in the cotton and wool industry. However, the general manufacturing tone is depressed. Commodity markets are quiet but steady, and money is again easier. Business does not take seriously the Beaverbrook-Rothermere United Empire party.

Probable outcome of the Coal Bill remains uncertain as the crucial debate of next week approaches. Liberals oppose quota schemes; much disagreement over compulsory amalgamation. Lancashire Cotton Corporation buys over 50 automatic looms of each of five different types as an experiment to determine which is best adapted to local trade.

By Special Cable to The Business Week

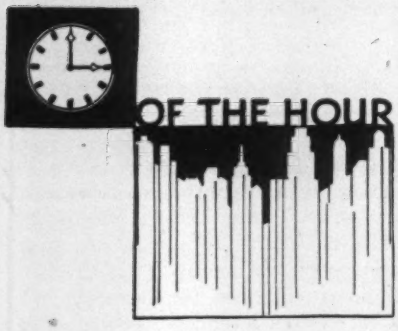
France—Hitherto the only continental country resisting business depression, France now shows signs of general business slowdown. Agricultural depression is accentuated this week. Business is feeling strongly that tax adjustments are needed, especially to take advantage of exceptional monetary conditions. The plethora of funds and avalanche of new issues continue. Despite Cabinet changes, practically all political parties favor a more liberal fiscal policy. Delay in legislative program becoming serious. Budget bill, already three months deferred, must be passed before April; London conference and Geneva tariff truce meetings awaiting return of Paris delegates.

Jugoslavia opens negotiations in Paris for a loan to retire the Blair & Company's dollar loans and to release the mortgage on monopolies, customs, and railway receipts now held in America. Blair loans are developing new Adriatic ports and building railroads.

By Special Cable to The Business Week

Italy—In an effort to relieve agricultural depression, duties on olive oil and vegetable oils are increased. Soviets, pursuing their policy of preemption of European markets at all costs, reported to have concluded contract for delivery of 2,000,000 tons of crude oil.

THE DEMAND OF THE HOUR



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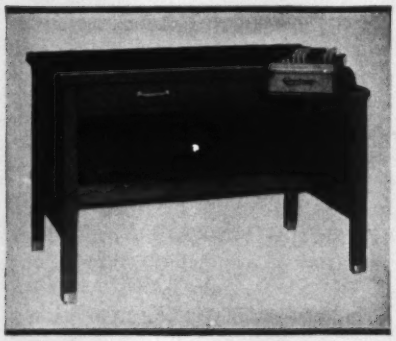

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After Office Hours . .

IS there anything in these Scotch stories? James Simpson, chairman of the board of Marshall Field, and John McKinlay, president, were both born in Scotland within a few miles of each other.

Marshall Field, however, was a Massachusetts Yankee whose ancestors came over in 1630.

▼

HERE and there a reader, while not objecting particularly, nevertheless inquires why THE BUSINESS WEEK has adopted the style of printing "$2 millions" instead of "$2,000,000."

The answer is that we don't use "$2 millions" in place of "$2,000,000." When it is an exact figure, we use $2,000,000. When it is an estimate, a round number, we use the other. This is a convention gaining rapid acceptance among statisticians, economists and others who have occasion to publish many figures. It seems rather neatly to set estimates apart from exactitude and, furthermore, it averts something over half the trouble we are always having with three ciphers that are added or lost somewhere between the author and printer.

▼

THEY were discussing the mid-afternoon slump, sometimes due to too much lunch, sometimes due to honest fatigue, which brought up the story of an old fox down in Wall Street who capitalized it.

He was chairman of the board. His directors were bankers and stock exchange men. The old fox insisted on having board meetings at four o'clock. His directors came in tired, jaded, and apathetic. But the chairman was always fresh. Nobody could understand it. Everyone marvelled at his energy. It was a long, long while before his secret slipped out. On board meeting days, he took a nap from 2 to 3:30.

AT last! Restaurant table service without the effusive attention of hovering waiters! Hotel Warren, Worcester, Mass., is being equipped with the "waiterless restaurant," invention of the brothers Daschner. Each table contains a 12-inch center slab, the top of a miniature dumb waiter, which gives access to the kitchen below. The hungry man sits down, writes out his order and sends it to the kitchen through a slot in the table. Food returns via the dumb waiter. Empty dishes are removed by pressing a button. Each course is served in turn and last—alas, in this modern meal mill as in all others—comes the check. One untipped waiter below stairs can serve three times as many persons as usual, so can earn more than under the present system. Another restaurant incorporating the same features is scheduled to open in New York on May 1, and, if successful, will be followed by installations in other cities.

▼

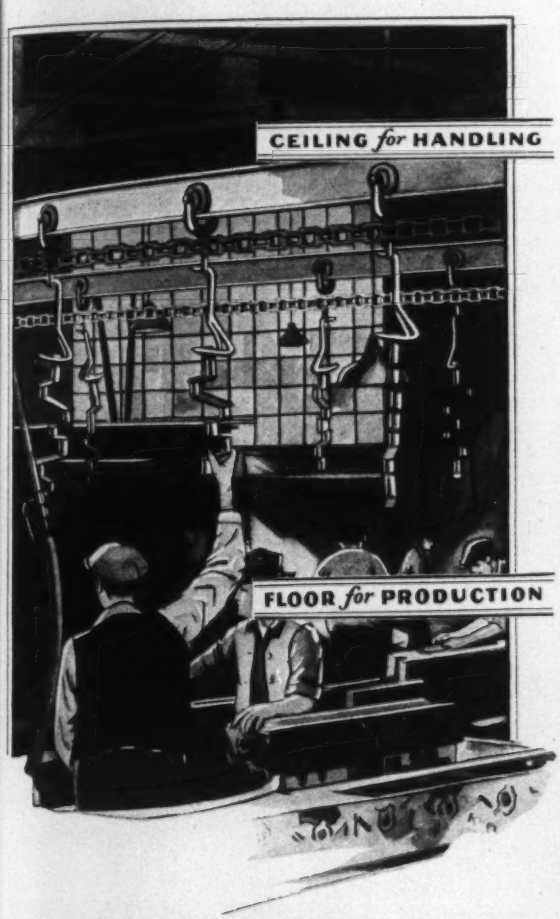
EMPLOYEE publications, mostly monthly, vary in cost from 2¢ per employee per month to 55¢, with 8¢ to 12¢ most usual, reports *Factory and Industrial Management*. Purpose of such papers: (1) To create good will; (2) to develop pride in job; (3) to secure mental improvement; (4) to interest employees' families in the plant; (5) to help reduce accidents. A sympathetic interest in the men and their many problems is more important than journalistic training in an editor. A man injured in an industrial accident often fits. One such is Jack Dempster, editor of *Plantate News*, the 2¢ paper, printed on a duplicator with ink made by compounding lampblack and oil used for belt dressing. It has won national recognition.

▼

PING PONG TABLES
DOLL HOUSES

THIS sign, in letters a foot high, adorns the entrance to a large lumber yard on the north side of Chicago. Necessity indeed brings many changes; new markets must be sought, no matter where the search leads. But what would Paul Bunyan think?

Clearing *Industry's deck for action*



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FOR WEEK ENDING MARCH 1, 1930

EDITORIAL

THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

Do It Now

THE Federal Reserve authorities are probably—and properly—tired of being told by outsiders what to do. They know best what action to take in a given situation. That is their business, and on the whole they have usually done the right thing. THE BUSINESS WEEK believes the reduction in discount rates in 1924 and 1927 in the interests of international financial stability was sound policy. It supported their effort in 1929 to check the wave of security speculation which led to the stock market crash and the business depression.

But what to do is often less important than when to do it. In credit policy especially the right time is more difficult to choose than the right thing. In this matter business opinion and the general situation are an indispensable guide, quite as important as internal technical banking conditions. To know when to act the Reserve authorities must keep their finger on the pulse of business sentiment at home and abroad.

Here Federal Reserve policy, throughout its history, has been sadly and often disastrously deficient. It has always acted wisely but nearly always too slowly, too late, too cautiously, with too much deliberation and vacillation, for the effects of its action—always long delayed at best—to be fully and promptly realized. Rate changes have been made infrequently and with the portentousness of declarations of war, or with elaborate explanations, preparations and apologies. Open market operations are engaged in so diffidently, vaguely and indecisively that it takes weeks to discover what is going on.

This dilatory and indecisive procedure was fatal to business stability in 1929. It promises to be fatal to prompt business recovery now. The action so far taken to expand credit has been ineffective and will have no effect for months, because it has not yet been proportionate to the severity of this, the worst business recession since 1921. Events are now shaping the basis of what may be a prolonged depression unless credit is quickly made generally cheaper and more abundant for all uses. Commodity prices have collapsed, depression and political uncertainty are spreading abroad, gold is flowing to this country, the bond market is weak, mortgage money is high, foreign borrowing is not reviving and our export trade is threatened.

This is a critical juncture. What is done now will not be effective till considerably later at best. Every week of delay defers recovery by months. Fear of raising another Frankenstein of speculation is trifling beside the real spectre of protracted unemployment. There can be no bull market till business recovers. A little speculation, in either commodities or stocks, would do no harm anyway. We should be able to control it if —here again—we have sense and courage enough to act promptly.

This is no time to surrender to financial fear or fatalism. Rediscount rates should be reduced immediately, to 3% if necessary, and bills and securities bought freely and steadily.

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